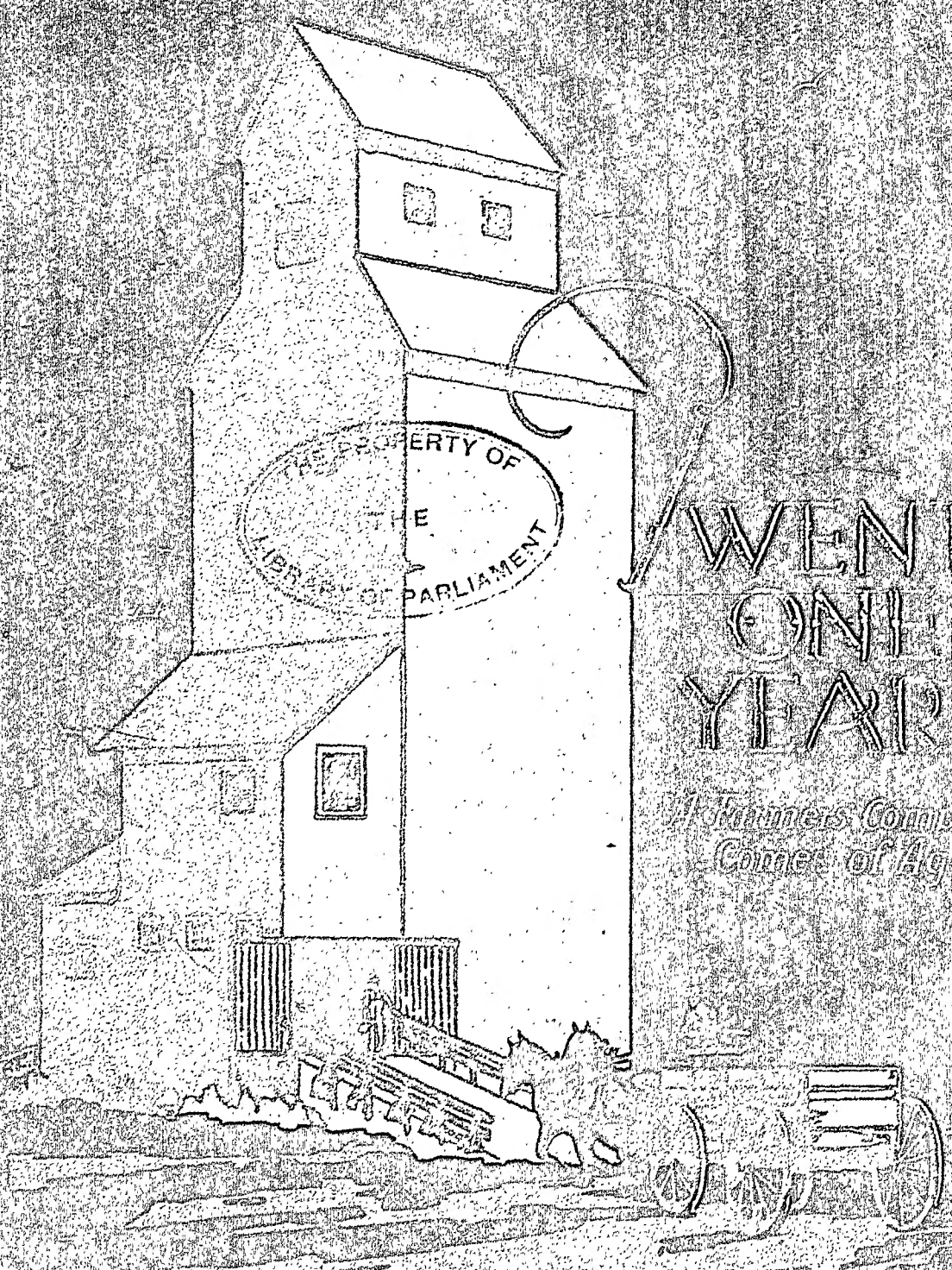


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YEARS

*A Farmer's Companion
Comes of Age*



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TWENTY ONE YEARS.

J. A. PARSONS COMPANY
CORPORATED

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President and General Manager

C. Rice-Jones

First Vice-President

J. Kennedy

Second Vice-President

DIRECTORS

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Head Office, Winnipeg, Bank of Hamilton Chambers.

Calgary Office, Lougheed Building.

Regina Office, Drinkle Building.

Saskatoon Office, 136 Avenue "A" South

Edmonton Office, 10133 99th Street.

*Country Elevators at almost 400 points in Manitoba,
Saskatchewan and Alberta.*

Terminal Elevators at Port Arthur and Vancouver.

Export Offices, Winnipeg and New York.

A FARMERS' COMPANY COMES OF AGE

This Special Annual Report is issued to mark the Twenty-first Anniversary of this Farmers' Company, which commenced business in September, 1906, and the completion of twenty-one years of successful service to the farmers of Western Canada.

UNITED GRAIN GROWERS
LIMITED

Printed at the Company's printing plant, the Public Press, Winnipeg.

INTRODUCTORY

Twenty-one years ago (in September, 1906) a farmers' business venture was launched in Western Canada. With its little office, its slender resources and its doubtful prospects in a hazardous and unknown field, it seemed at first an insignificant concern, and its beginning attracted hardly any notice.

Ten years ago, the amalgamation of this and another farmers' company established a farmers' business institution of considerable size.

Now, after twenty-one years of steady growth, from the smallest of beginnings, United Grain Growers Limited has reached a noteworthy position as one of the great business institutions of Canada.

This is a farmers' company, handling business for farmers, and owned by nearly thirty-five thousand farmers in Western Canada.

Handling grain is the principal business of United Grain Growers, and important additional services are given in supplying binder twine, coal, flour and other farm supplies to farmers, in the marketing of livestock, in the handling of all kinds of insurance for farmers, and in printing and publishing.

At almost four hundred points in Manitoba, Saskatchewan and Alberta there are United Grain Growers' elevators. At a thousand additional points farmers make use of the service provided through the different parts of this organization.

Great terminal elevators are operated by United Grain Growers at Port Arthur and Vancouver.

Through its export organization, with offices in Winnipeg and in New York, United Grain Growers sends grain to markets abroad, and the name of this Canadian farmers' company is well known in the important ports of Europe.

The total business done by United Grain Growers each year is measured by tens of millions of dollars. The total of the business it has handled in the course of twenty-one years is to be counted by the hundreds of millions.

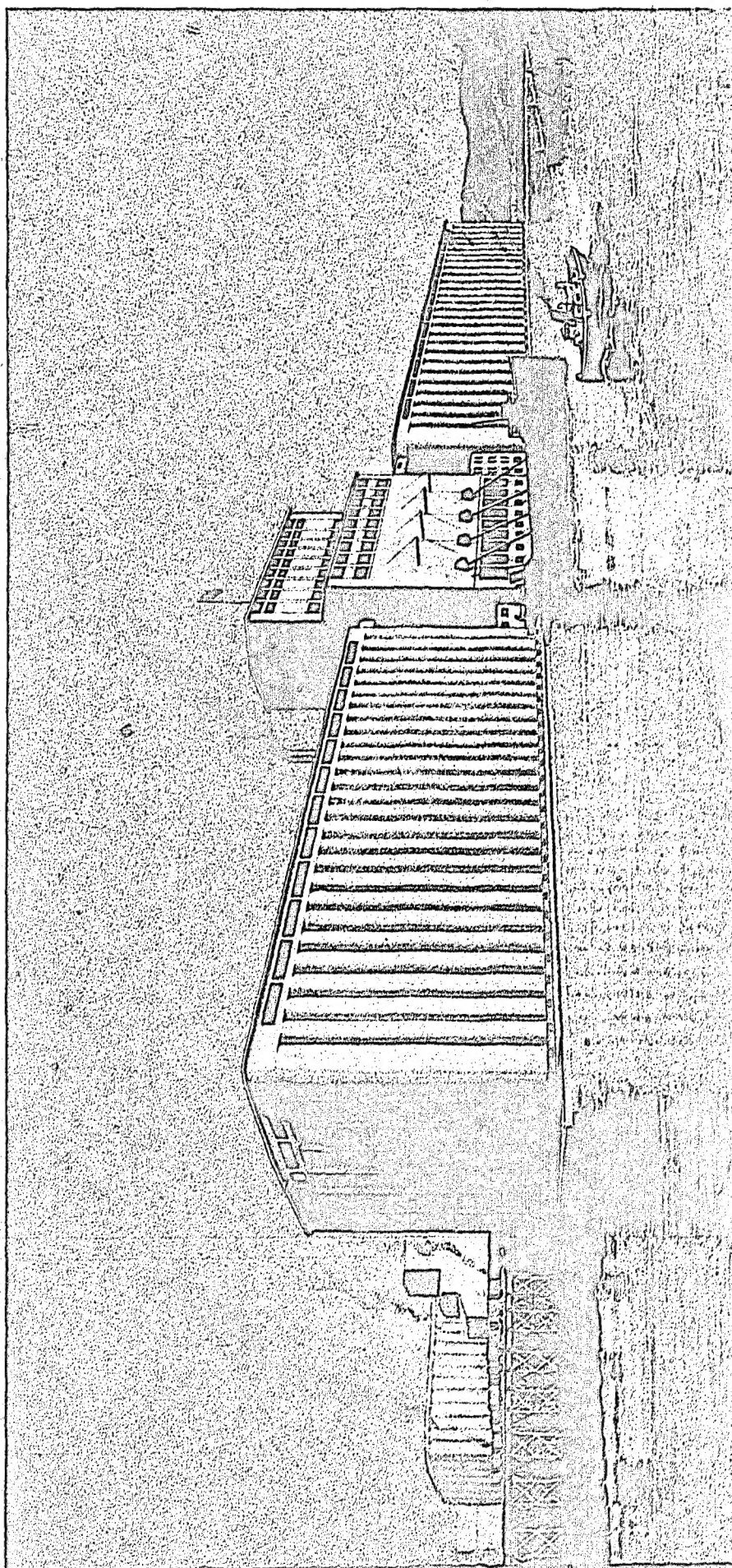
Financially the Company is both strong and of considerable size. Three million dollars has been paid in by Prairie farmers as paid-up capital. Two million one hundred thousand dollars has been accumulated in the Company's general reserve and undistributed surplus.

No figures can express one fact of the Company's growth and history. It established the idea of a farmers' company. The idea that a farmers' company might handle business on a large scale was regarded doubtfully by all farmers except a few, was scoffed at by outsiders, and was considered preposterous by most business men. That this farmers' company has been successful on so large a scale and over so long a period has helped to increase the self-confidence of Western farmers and gain the respect of the outside world.

After twenty-one years of growth, United Grain Growers is stronger, financially, than ever before. It has a better equipment and organization than ever before.


With its twenty-one years of experience it is in a better position than it has ever been to give valuable service to the farmers of Western Canada.

An account of the different activities of the Company, its business and its general position is to be found in the following pages, which include the Annual Report and Balance Sheet for the financial year ending Aug. 31, 1927.



United Grain Growers' new Terminal Elevator at Port Arthur, Ont., built 1927. The capacity of this elevator is 5,500,000 bushels. Its receiving capacity is 200 cars of grain per day, and its loading-out capacity 80,000 bushels per hour.

UNITED GRAIN GROWERS' TERMINAL ELEVATORS

 NITED Grain Growers Limited has just completed at Port Arthur, Ontario, the erection of a new terminal elevator with a capacity of 5,500,000 bushels. This is the most modern and efficient elevator on the continent, and that means in the world, for such elevators are not found elsewhere; and it is equipped for more rapid handling of grain than any elevator previously constructed.

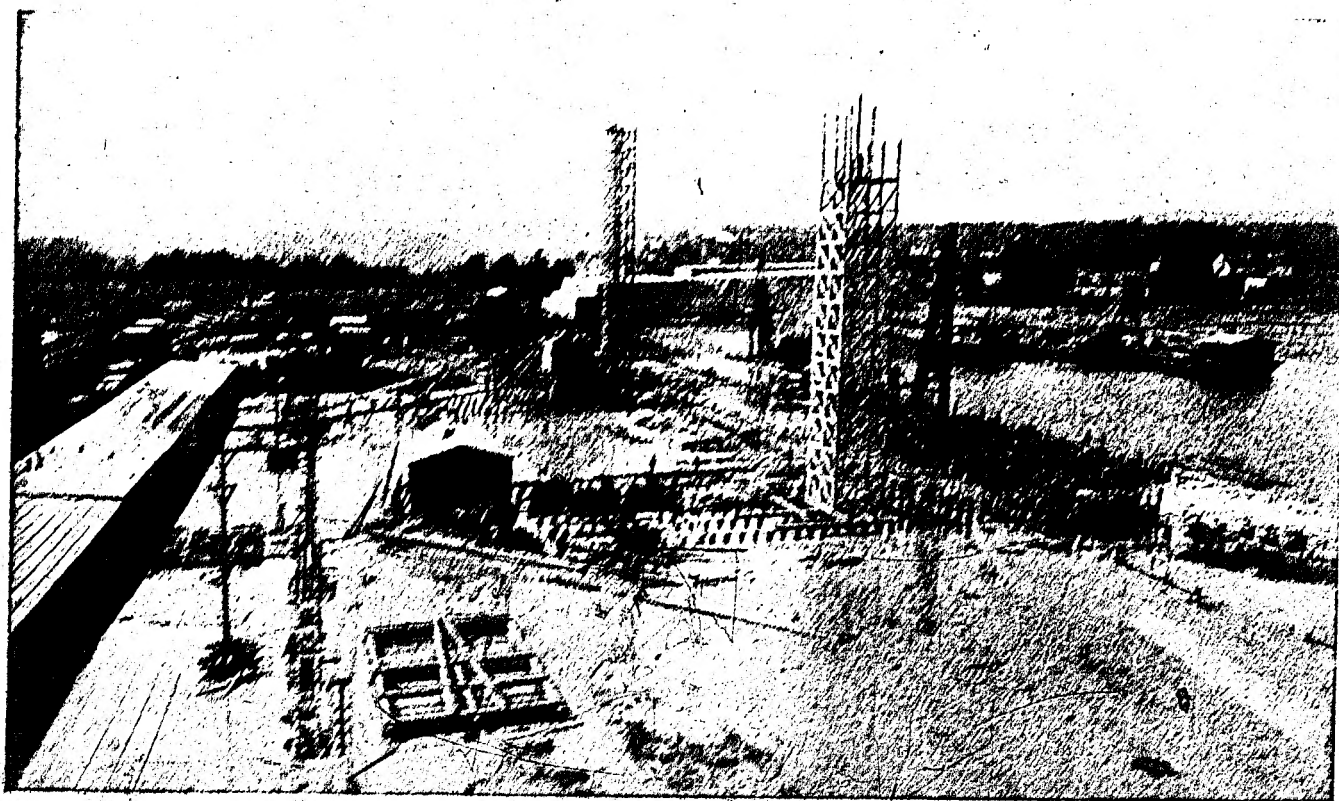
After twenty-one years' experience in handling grain, and an experience dating back to 1912 in the operation of terminal elevators, the Company was in a position, when it undertook to build a new elevator, to make improvements over previous practice in the construction of a terminal. Consequently, many new features of design and equipment were incorporated in the new structure, not previously found in any elevator. Engineers and designers are already coming from other parts of the continent to study the improvements which have been effected in this elevator.

A terminal elevator has two main functions to perform. One is the transfer of grain from the cars in which it is first received, to vessels in which the next stage of its transportation is accomplished. (Sometimes the transfer is to other railway cars for an all-rail movement to the seaboard.) This is done after grain has been weighed and cleaned, and, if required, dried; and after government certificates of weight and grade of grain have been issued.

The other important work of terminal elevators is to store grain until required at consuming points.

There are, therefore, two main parts to a terminal elevator. The workhouse contains equipment and machinery for receiving, elevating, weighing, cleaning and shipping grain. The storage section contains bins in which grain is stored after being cleaned or dried, awaiting orders for shipment.

In this new U.G.G. elevator the workhouse stands in the middle, between two storage annexes with which it is connected. The workhouse has accommodation for 500,000 bushels of grain, and each storage section for 2,500,000 bushels, giving a total of 5,500,000 bushels. Each storage section is 375 feet long and 100 feet wide, rising to a total height of 123 feet. The workhouse in the middle is 175 feet long and 100 feet wide, with a height of 200 feet.

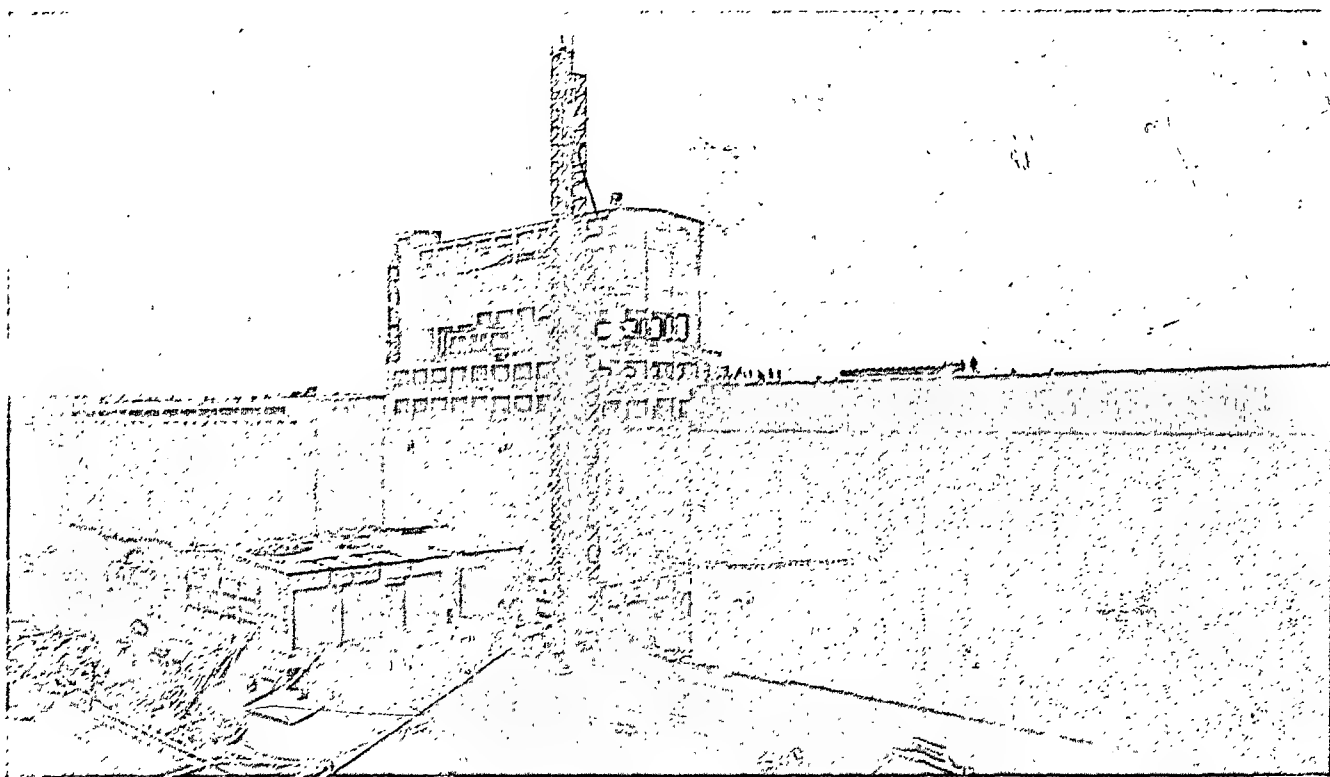


Establishing a world record in elevator construction. Site of U.G.G. Terminal Elevator at Port Arthur as it appeared July 18th, 1927, with part of pile foundation driven. The whole structure was completed on November 12th, and machinery installed ready for operation on December 15th.

The whole structure is built at right angles to the shore line, running out into the water. It is built of reinforced concrete, and stands on a foundation of piles driven to rock. On the north side runs a dock, 1,200 feet in length, and a slip has been dredged out so that the largest lake vessels may lie alongside for loading. On the opposite side, the south, is a railway trestle where railway cars are delivered for unloading.

Each storage section consists of a block of bins 100 feet in depth, and with no openings except at the top, where grain is deposited, and at the bottom, where it is run out when required. The main bins are circular tanks, 23 feet in diameter, which are really like great hollow round towers. Short connecting walls run between the tanks and these create a large number of smaller bins. The big round tanks, of which there are 112 in the whole elevator, hold 32,000 bushels of grain each, while the smaller bins between hold 4,000, 5,000 or 8,000 bushels each. All told, there are 552 separate bins in the elevator.

This form of construction was designed especially for United Grain Growers to meet the requirements which the Company laid down for a



Establishing a world record in elevator construction. New Terminal Elevator as it appeared on November 4th, 1927. The whole structure was completed on November 12th and machinery installed ready for operation December 15th.

new elevator. Formerly it was the custom to build the tanks in grain elevators touching each other. In the space between four tanks an additional bin, of about one-quarter the capacity of the large bins would be created. Such a design was satisfactory a number of years ago, when comparatively few grades of grain would be encountered in any one crop year. In recent years there have been a great number of different grades in each crop, sometimes, for example, over 200 separate grades of wheat. The difficulty with elevators built on the old plan was to find room for all the different grades. United Grain Growers had this elevator designed to provide sufficient bin accommodation, which is secured by spacing the tanks apart, with smaller bins between.

Above the bins in each storage section is built an upper story, or cupola. Through the cupolas and through the workhouse, run six endless belts, on which grain can be conveyed from any part of the workhouse to any bin in the storage sections. Each belt is 42 inches wide and 1,170 feet long. There are altogether nearly four miles of belting in the elevator.

Below the bins, at the bottom of the elevator and extending through both annexes and the workhouse, is a space known as the tunnel. In this,

from end to end, run belts which bring the grain back into the workhouse when it is required for shipment.

Six railroad tracks run the whole length of the railroad trestle, and on this 120 grain cars can be placed for unloading at one shunt. The tracks run through a track shed at the workhouse, and in this automatic car unloaders are installed. These are huge machines, which, after receiving a car of grain on a platform, open the grain doors and tilt the car up until all the grain runs out into the hopper below.

Each of these unloaders can handle a car of grain every seven minutes, while the old system of shovelling and sweeping out a car of grain occupied at least 20 minutes. In addition, the operation is carried on by a much smaller force of men than required under the old system, thus making for economy as well as speed.

The cars are pulled into place for unloading by cables, and as each car is unloaded and released, gravity carries it down a slope to the track section reserved for empties. The cars are not touched by hand during the whole process of unloading, and the layout of the railroad trestle, with the tracks running straight through the track shed, makes for the maximum of convenience and speed.

Both railroads have large switch yards near the elevator, insuring prompt switching service.

Below the track shed grain is collected in hoppers, from which it is carried on belts into the bottom of the workhouse. Elevating legs then carry it to the top of the workhouse. These legs consist of endless belts carrying a series of buckets, and each leg can lift grain at the rate of 22,000 bushels an hour from the basement to the top of the elevator, about 200 feet. There are seven legs of this size, three for receiving and four for shipping grain, while ten others, each with a capacity of 9,000 bushels an hour, serve the cleaning and drying machinery.

Each carload of grain, as fast as unloaded, is elevated to the top of the workhouse, and each carload is separately received into a garner, or bin. These have a capacity of 2,500 bushels, so that they can take care of the largest carload of grain. From the garner, grain is dropped into the scales on the floor below, and each carload is separately weighed at one draft. From the scales, grain is dropped into bins, ready for the cleaners. There are seven scales in all, operated under the supervision of the Dominion Government, and a Government ticket is issued for each draft.

From the bins below the scales, grain goes to the cleaners. On the cleaning floors are placed 36 cleaners of various types and sizes, capable of making the most rapid and efficient separation of impurities from grain. The screenings drop into screw conveyors, which carry them away to be placed in bins. The grain, after cleaning, is again elevated to the top of the workhouse. This time it is delivered on to one of the endless belts

which run from the workhouse to the tops of the storage bins, and it is deposited in a bin with other grain of the same grade.

When grain is required for shipment, it is dropped from the bottom of the storage bin which contains it on to one of the endless belts which run in the tunnel below, and is thus brought back to the bottom of the workhouse.

It is then elevated to the scales at the top of the workhouse, weighed and discharged through spouts into the hold of the waiting steamship. Four elevating legs and four spouts are provided for shipping, each with a capacity of 22,000 bushels per hour, and these serve four scales. Grain can thus be shipped out at a rate in excess of 80,000 bushels per hour, and the largest lake vessels, taking cargoes up to 500,000 bushels, can be loaded in a few hours.

In separate buildings, between the workhouse and the storage annexes, space is provided for offices, drying equipment and power plant.

The elevator contains a very complete system of intercommunicating telephones and automatic signals, so that in spite of the great size of the structure, all operations are easily controlled from a central point. So highly developed is the use of automatic machinery, completely eliminating all manual labor in the handling of grain, between the time of arrival and shipping, that the staff required to control all operations is comparatively small.

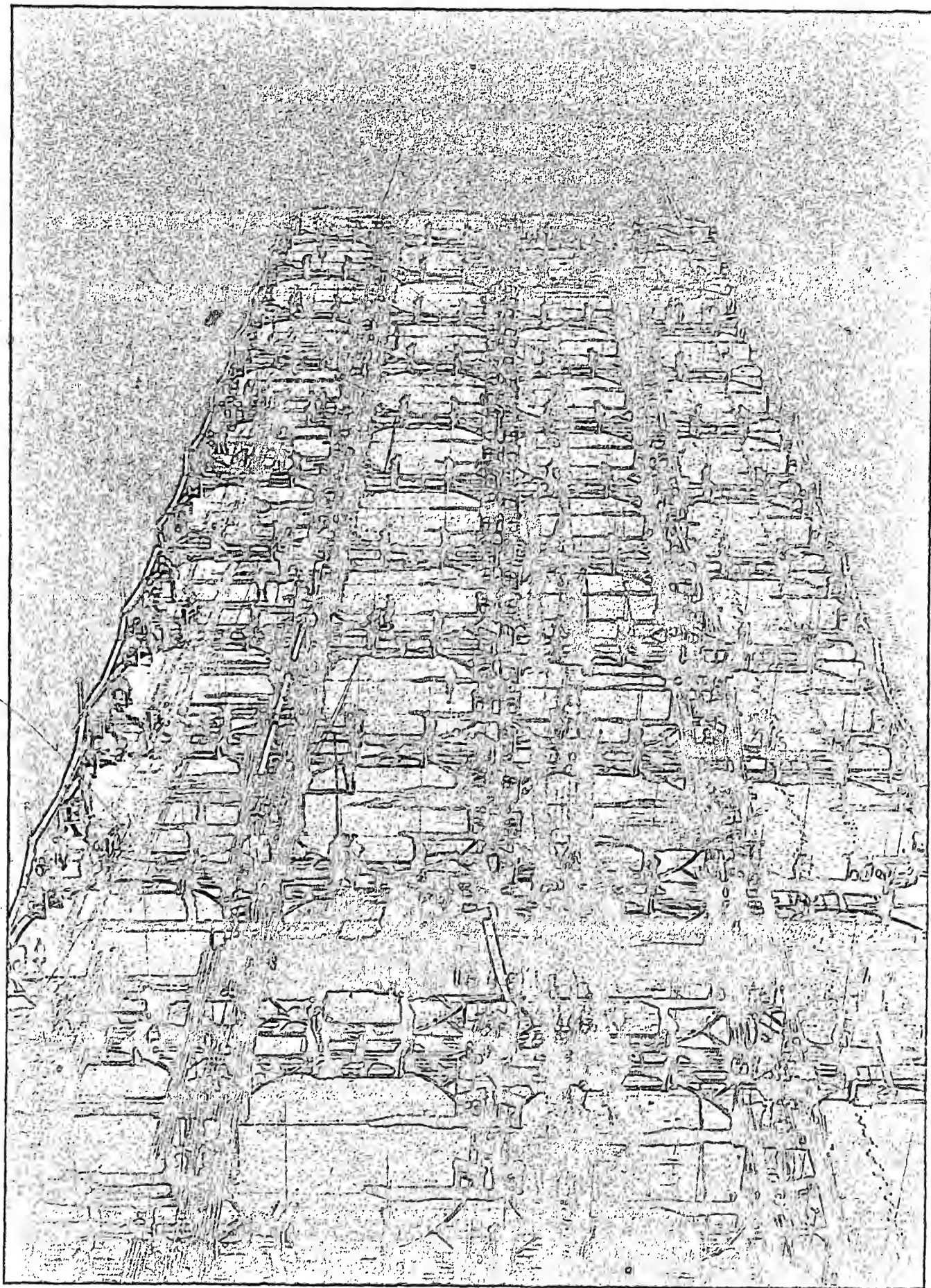
The building of this new elevator established a world record for speed in the construction of such a building. On April 22nd United Grain Growers sold its elevator, known as Elevator "H," at Port Arthur, which had been built by the Company in 1916 and operated since that time. On May 6th contract for the erection of the new terminal was entered into. On May 31st driving of the pile foundation was commenced. On July 10th pouring of concrete was begun, and was carried on continuously up to November 10th when the structure was complete except for interior finishing and the installation of machinery. On December 15th it was ready to handle grain.

At times as many as a thousand men were employed and work was carried on day and night, with double shifts.

There are 75,000 cubic yards of concrete in the completed structure. More than 400,000 bags of cement were used, and 2,000 tons of reinforcing steel are embedded in the concrete. 1,750,000 feet of lumber were required for concrete forms and 2,250,000 feet of timber are included in the trestles.

The elevator was designed by and built under the supervision of C. D. Howe & Company, consulting engineers, of Port Arthur, and Carter, Halls, Aldinger Company, of Winnipeg, were the general contractors.

At Fort William United Grain Growers operate under lease Canadian Pacific Railway Terminal Elevators "B" and "E" which really form one large elevator with a capacity of 2,500,000 bushels. These have been continuously operated by the Company since 1911.



Cross-section of a Terminal Elevator. Looking down on the out-shore storage section of the new

CROSS-SECTION OF AN ELEVATOR

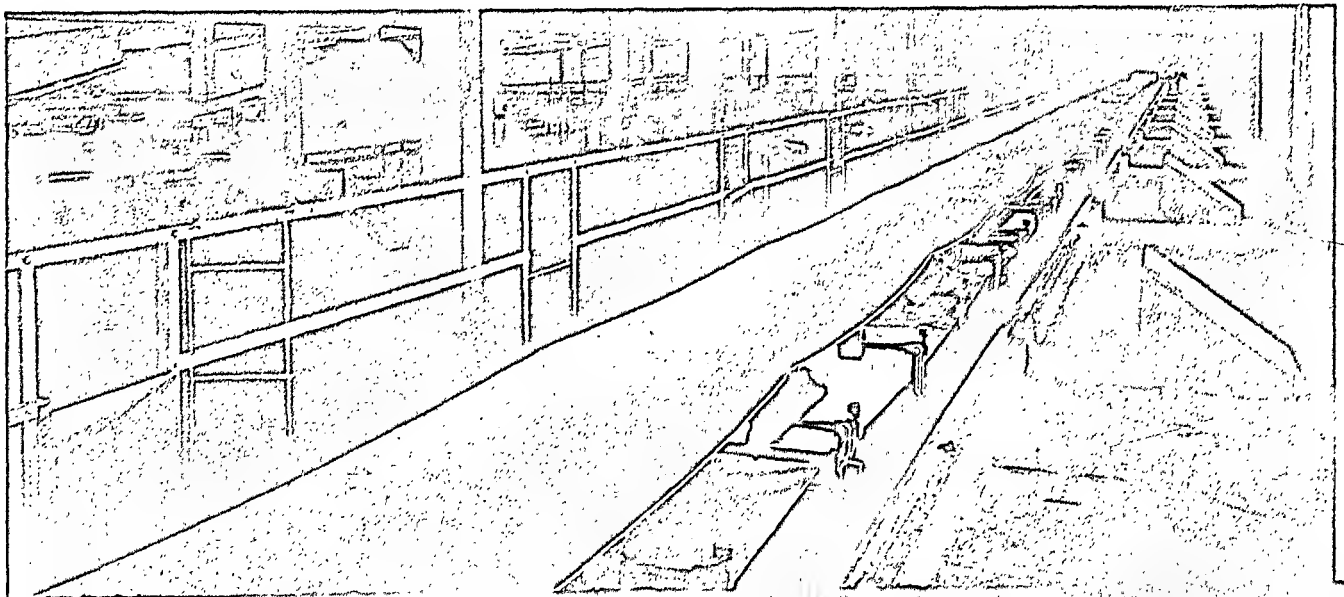
The picture on the opposite page gives a good idea of the interior construction of the storage section of the U.G.G. terminal at Port Arthur. It was taken during the progress of construction, looking down from the top of the workhouse on to the outer storage section, then in process of erection.

The large circles mark the outline of the big storage tanks, 23 feet in diameter and rising 100 feet clear from top to bottom, which each hold 32,000 bushels of grain. The shorter lines mark the walls which connect and support the storage tanks, and create a large number of additional bins with capacities varying from 4,000 to 8,000 bushels of grain.


What looks like a floor is made up of the wooden forms for the concrete. These forms are supported by hundreds of jacks, which can be seen in the picture. By these jacks the forms were raised slowly and steadily, a fraction of an inch at a time, as the work of concrete pouring was continued. Piles of steel rods are to be seen, to be placed as reinforcement in the concrete. Below, to the right, is a portion of the track trestle serving this elevator.

The inshore storage section, on the other side of the workhouse, is of the same design as the section shown above. All told there are 112 of the big circular tanks, and a total of 552 separate bins in the elevator. This large number of bins, the greatest number provided in any terminal elevator yet built, insures space for the many different grades of grain now met with in Western crops.

The picture below shows one of the big belts on which grain is conveyed in the cupola over the storage bins. Grain is dropped on these belts from bins in the workhouse, and is carried by them to the point desired, where it is dumped off by a tripper to fall into any desired bin. Each of these belts, of which there are six in the cupolas, is 42 inches wide and 1,120 feet long. All told, there are about four miles of belting in the elevator.



VANCOUVER TERMINAL ELEVATOR

 IN addition to the terminal elevator business done through Port Arthur and Fort William, United Grain Growers Limited carry on an extensive handling of grain at Vancouver, and a considerable percentage of the grain exported through that port passes through Burrard Elevator, the Company's elevator there. Prior to 1925, when business was commenced at Vancouver by United Grain Growers, the only elevators there had been operated by the Vancouver Harbor Commission.

In 1925 the Company obtained a lease from the Vancouver Harbor Commission of an elevator at Vancouver with a capacity of 600,000 bushels and with one shipping berth. In 1927, under an arrangement with the Harbor Commission, United Grain Growers constructed an addition to this elevator which provides 1,000,000 bushels additional capacity, and a second shipping berth. The total capacity of this elevator is, therefore, 1,600,000 bushels. This elevator is leased for 20 years, and its operation is conducted by the Burrard Elevator Company Limited, which is controlled by United Grain Growers Limited.

Since the Port of Vancouver is open all the year round, storage provision does not have to be so large there as at Port Arthur. During the year 1925-6 United Grain Growers put over 9,000,000 bushels of grain through Burrard Elevator, equal to filling and emptying the elevator 15 times in the course of a year.

As will be noted from the pictures of this elevator on pages 36 and 39, grain is not discharged from the elevator directly into vessels. Instead, it is conveyed by belts in overhead galleries, one on each side of the dock, serving two shipping berths, and two out-going vessels may be loaded at the same time.

U.C.C. COUNTRY ELEVATORS

UNITED Grain Growers' country elevators are situated at nearly four hundred points in Manitoba, Saskatchewan and Alberta. Through these elevators comes the greater part of the Company's business, not only in grain, but also in farm supplies, such as binder twine, flour, feed and coal. The majority of the elevator points are equipped with storage for coal, flour and feed.

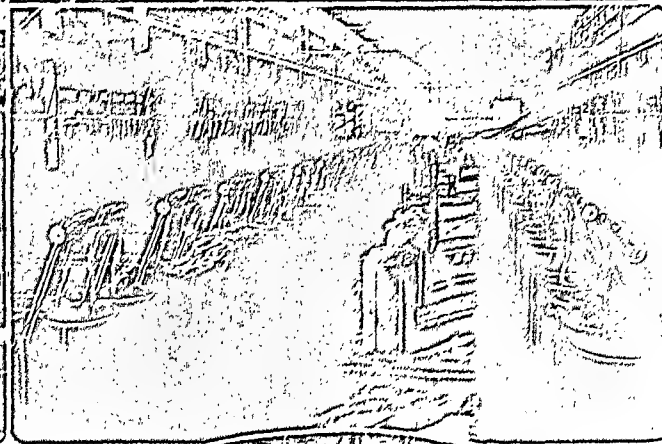
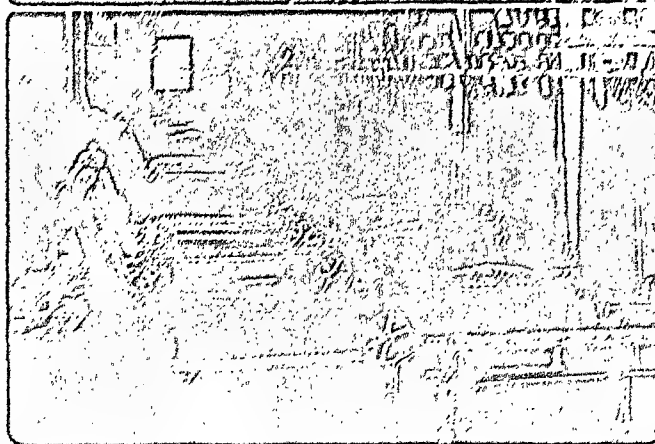
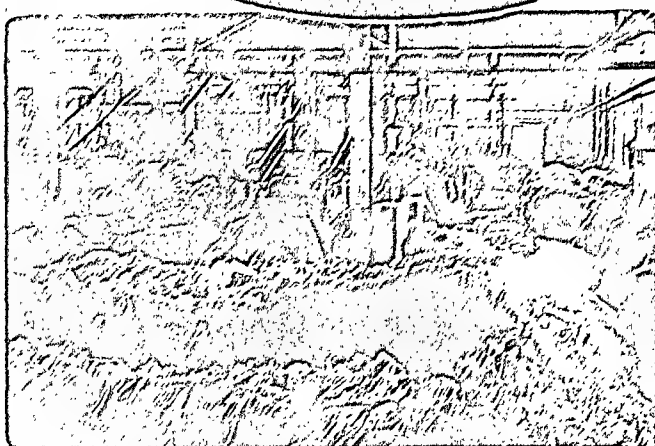
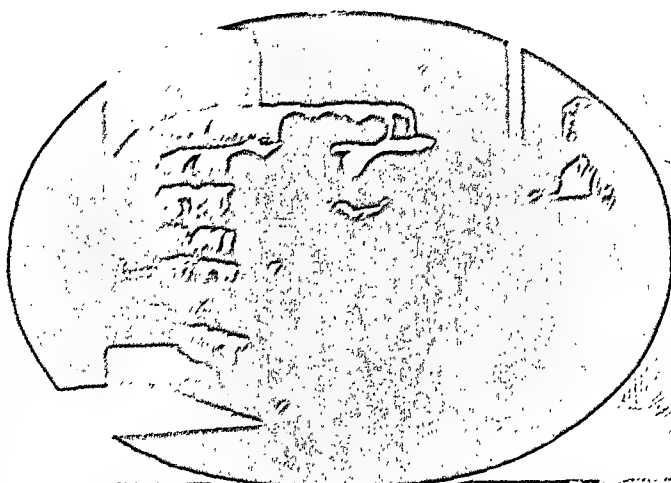
The handling of supplies constitutes one of the important points of difference between U.C.C. elevators and other elevators. When the Company first began to handle farm supplies, these were sold almost altogether in carload lots to local associations, and the work of distribution was largely carried on by local secretaries, many of whom could ill afford the time required, while others found it impossible to give the full extent of service necessary to make such business successful.

To a large extent that business has now been transferred to the agents at U.C.C. elevators wherever these elevators are situated. This makes the elevators centres for a great deal of additional business besides the handling of grain, and adds greatly to their value to a community.

Another point of difference with United Grain Growers' elevators is the existence of the shareholders' locals and local boards. Such locals are established at the greater number of U.C.C. elevators, wherever the required number of shareholders is found. Where the number of shareholders is not yet sufficient for the formal establishment of a local under the bylaws of the Company, shareholders' committees are formed.

Each shareholders' local elects, besides a delegate to the annual meeting, a local board of five members. The local boards meet for discussion of local matters in connection with the elevators, and call meetings of the shareholders' locals when required. The local boards make recommendations to the management for the improvement of service or business, and the Company's policy is always to give full consideration to such recommendations. The points where the Company's business is most satisfactorily conducted are those where there are active local boards.

The growth of United Grain Growers' elevator system has continued from year to year as the Company's elevators have been established in response to demand from farmers at different points. At a very large number



BINDER TWINE

The photographs on this page show some of the stages in the manufacture of Binder Twine. Millions of pounds of twine are made for the Company each year and distributed under the U.G.G. label. Made, as it is, to exacting specifications, U.G.G. Twine has established a reputation throughout the West for high quality. In addition, the Company's price policy is responsible for very large savings to farmers in the purchase of Binder Twine.



of points farmers have subscribed for shares in the Company equal in value to the cost of the elevator, in order to make sure of securing a U.G.G. elevator.

Such demands were only to be expected in the early days, for the Company was founded and it went into the elevator business because farmers wanted better service in handling their grain than they had been getting. Now that such demands have been continued over many years, it shows that the Company's methods of operation have been of real benefit to the district served.

The operation of country elevators is highly competitive, so a standard set by one elevator at a particular point must, to a large extent, be followed by other elevators at the same point if they are to retain a share of the business. Perhaps the greatest gain accruing to farmers from the operation of U.G.G. elevators has come from the fact that benefits have not been confined to farmers doing business with these particular elevators, but that grain marketing conditions were improved for all.

Country elevators are much better built today than, say, fifteen years ago. When the Company first began building elevators it constructed them with a larger number of bins, and in other ways to higher standards than had prevailed. Improvements in design and equipment which take place from year to year are incorporated in the plans for new elevators, while frequent improvements and additions to old elevators are made.

When required, the Company's elevators are equipped with cleaners. The Company recommends for seed grain more thorough cleaning than can be given in elevators, and for this purpose has provided a large number of Carter Disc separators, which are rented out from different elevators. Use of these has proven so satisfactory that the number available is being steadily increased.

A farmer delivering grain to a U.G.G. elevator has the option of having his grain handled by any of the following methods:

By Cash Ticket—When a farmer decides to sell his grain as delivered at the elevator, he receives a "Cash Ticket" for each load that shows weight, grade and dockage and specifies the cash value of the load. This ticket is cashed by the Company's paymaster at the point of issue. Grain thus sold by the wagon-load is known as "street grain."

For the past two years the Company has paid a patronage dividend of one cent per bushel on purchases of street grain.

When grain is sold by cash ticket, if the owner is not satisfied with the elevator agent's grading a sample may be forwarded to the Chief Grain Inspector for Government decision as to grade and dockage. Settlement will be then readjusted on the basis of such grading, if it differs from the original grading.

By Graded Storage Ticket—Not wishing to sell at once, but agreeing with the agent on the grade of his grain, the farmer receives a ticket specifying the weight and grade of grain he has placed in storage, and which he may sell later at any time he selects. The Company is responsible for both weight and grade of grain.

If desired, an average sample is forwarded to the Government Grain Inspection Department to have grade and dockage set, and the decision of the Chief Grain Inspector is final.

By Special Bin Ticket—In this case, ticket issued for each load guarantees the weight of the grain. Grain is loaded into a car through a special bin, and grade is determined when grain reaches a point of Government inspection. With Special Bin Tickets the Company guarantees to preserve the identity of grain so binned. A sample of each load of such grain is always preserved, and special boxes are provided at the elevator for this purpose. If, on receiving notice of government grading, the owner has any reason to believe that the identity of his grain has not been preserved he has fifteen days in which to notify the agent. Sample kept at the elevator may then be forwarded to the Government Grain Inspection Department for decision. If the Chief Inspector decides, after comparing it with the Government sample taken from the car, that the identity of the grain has not been preserved, settlement is made on the basis of grade of sample kept at the elevator.

As soon as grain is placed in storage in a U.G.C. elevator, the owner may obtain an immediate cash advance on it.

Following is a list of United Grain Growers' elevators in Manitoba, Saskatchewan and Alberta. All of these are owned by the Company. There are two elevators at a number of the points named.

MANITOBA ELEVATORS

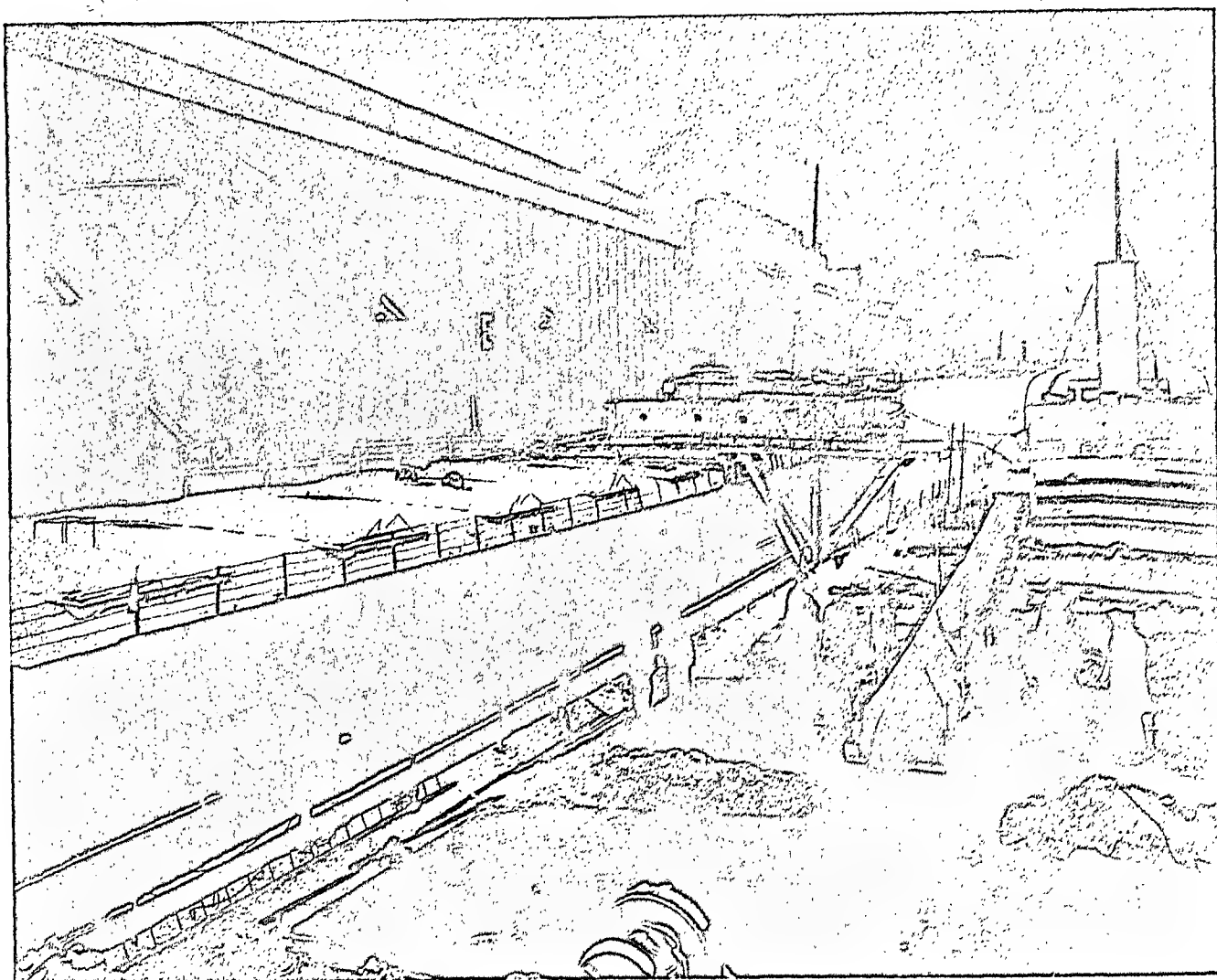
Altamont	Cordova	Elva
Angusville	Coatstone	Elliotts Siding
Ashville	Cracknell	Endcliffe
	Cranmer	
Barnsley	Cromer	Fairview
Beaver	Crystal City	Foxwarren
Bede	Cypress River	
Beulah		Gilbert Plains
Binscarth	Dauphin	Goodlands
Birdtail	Decker	Grandview
Bowsman	Dominion City	Graysville
Brookdale	Dropmore	Greenway
Brunkild	Dunrea	Griswold
	Durban	Gunton
Cardinal	Dutton Siding	
Carman		Hallboro
Chillon Siding	Eden	Hargrave
Christie Siding	Elkhorn	Hartney

MANITOBA ELEVATORS—Continued

Hilton	Moline	Rufford
Homewood	Myrtle	Russell
	McAuley	
Indian Springs	McCreary	Sanford
Inglis		Shoal Lake
Isabella	Napinka	Sifton
	Nesbitt	Silverton
Jordan Siding	Newdale	Sinclair
	Newton Siding	Solsgirth
Kelloe	Ninga	Somerset
Kelwood		Strathclair
Kenton	Oakburn	Swan Lake
Killarney	Oakville	St. Claude
Kenville	Otterburne	St. Rose
Lavinia		
Leighton Siding	Penrith	Tenby
Lenore	Pipestone	Terence
Letellier	Plumas	Treherne
Linklater		
Lyleton	Rathwell	Underhill
	Reston	
Magnet	Rhodes	Valley River
Manson	Ridgeville	Virden
Mariapolis	Riding Mountain	Vista
Margaret	Roland	Valpoy
Mather	Rorketon	
Medora	Rosebank	Wellwood
Melita	Rossendale	Wheatland
Minitonas	Rounthwaite	Woodnorth

SASKATCHEWAN ELEVATORS

Adanac	Flintoft	Macklin
Archerwill	Fosston	McKague
Arlee	Freemont	
Armour	Frys	Norquay
	Furness	
Beaufield		Phippen
Bemersyde	Glenavon	
Bickleigh	Gye	Redvers
Bredenbury		Roncott
	Handel	Rose Valley
Candiac	Handsworth	Rutland
Charlton	Harptree	
Chipperfield	Hawthorne	Salter
Clonmel	Hendon	Saltcoats
Corning	Henribourg	Stenen
	Hepburn	Stornoway
Dalmeny	Holdfast	Sturgis
Dankin	Hyas	
Denzil		
Dilke	Kendal	Unwin
Dumas		
	Laird	Welwyn
Evesham	Langenburg	Wilkie
	Lett	Willowbunch
Fenton	Lone Rock	Windthorst
Findlater	Lakenheath	Wood Mountain



Loading grain for winter storage at United Grain Growers' Elevator at Fort William, while vessels are locked in the ice.

ALBERTA ELEVATORS

Acme
Aldersyde
Alliance
Altario
Amisk
Armada
Armena
Arrowwood
Aspen Beach
Athabasca
Azure

Barnwell
Barons

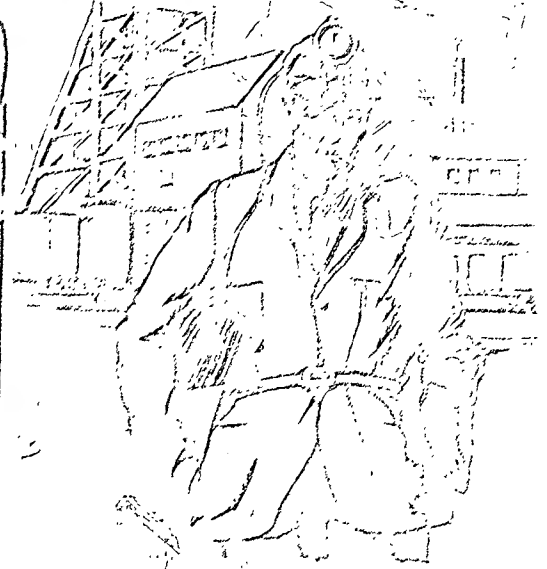
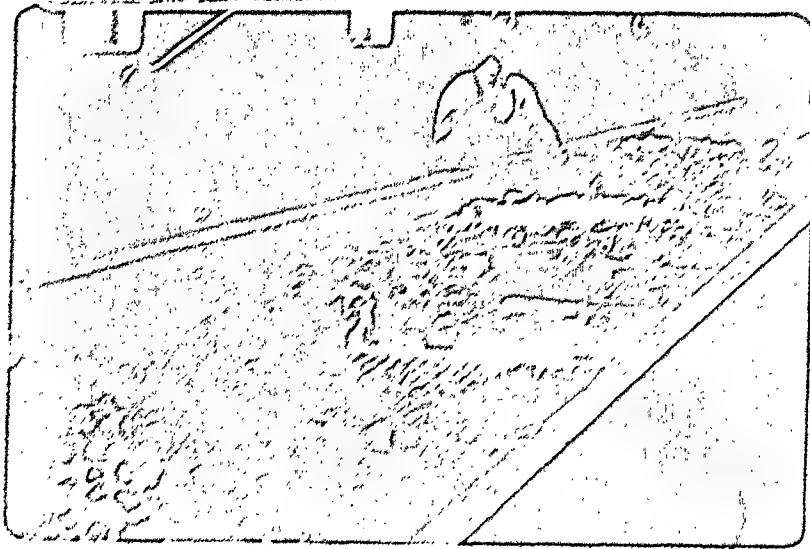
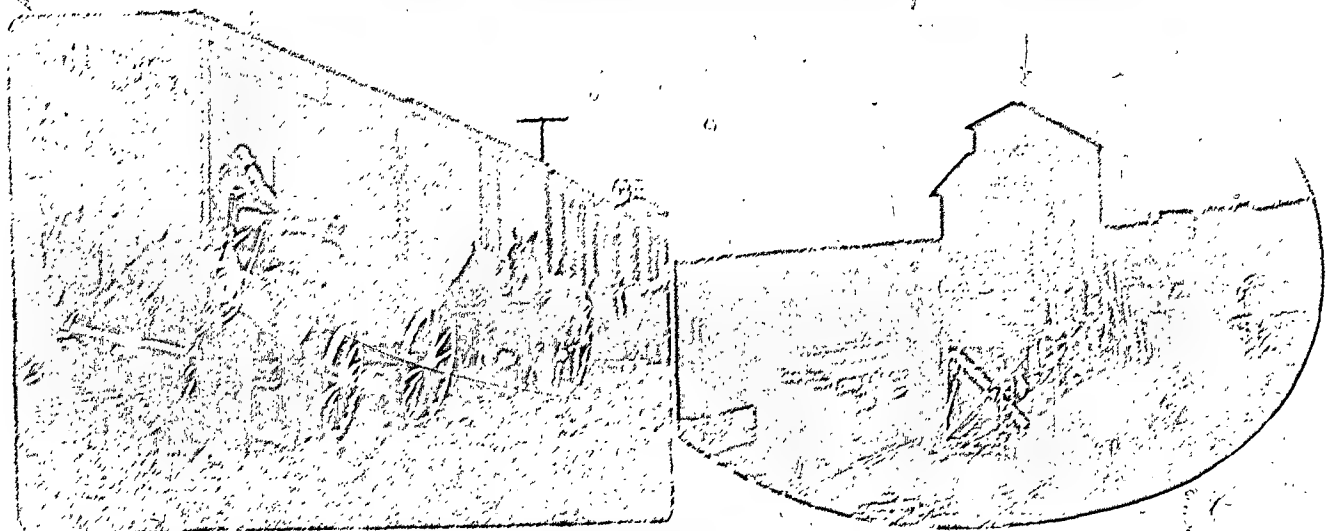
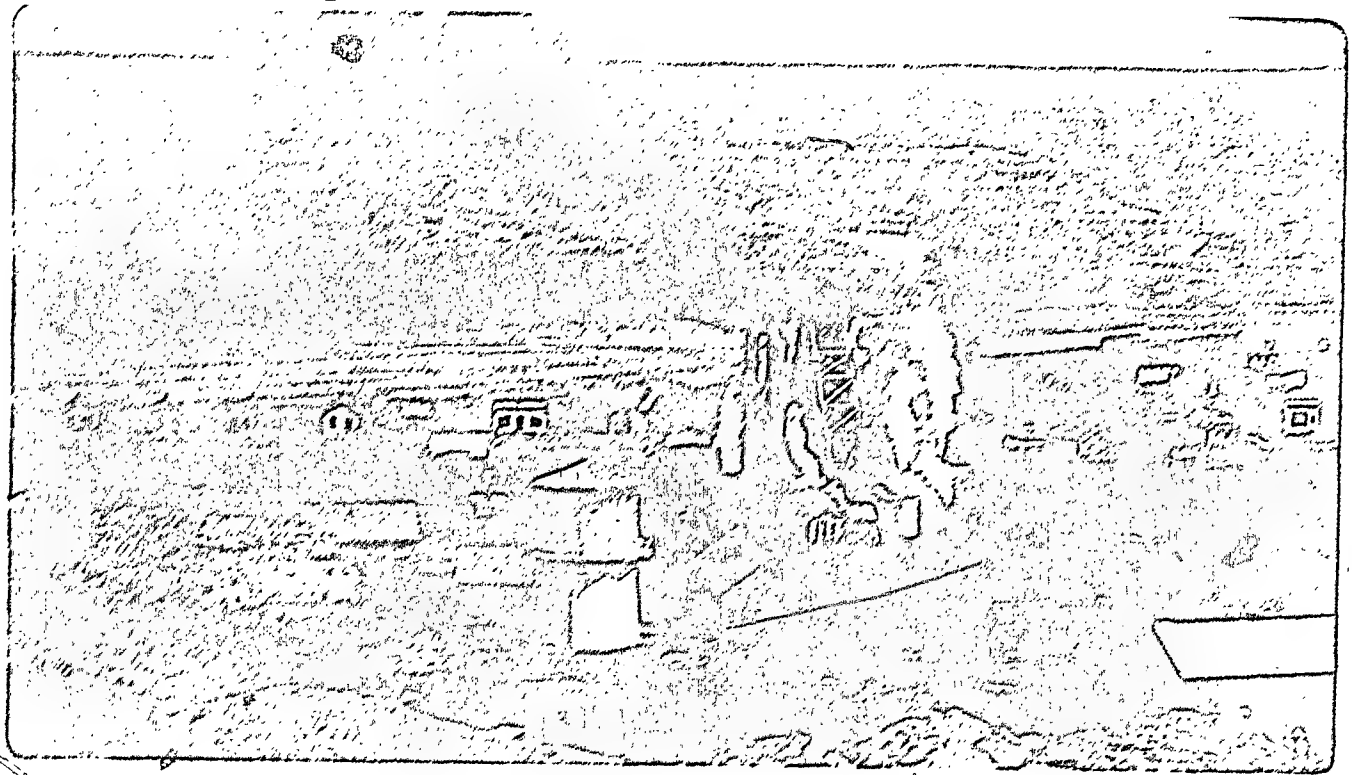
Beauvallon
Beiseker
Barrhead
Benalto
Bentley
Beynon
Blackfoot
Blackie
Bon Accord
Bonnyville
Bowden
Bow Island
Bradshaw

Bulwark
Burdett

Camrose
Cardston
Carmangay
Carseland
Cayley
Champion
Chancellor
Chauvin
Chipman
Clairmont
Clandonald


ALBERTA ELEVATORS (Continued)

Clareholm	Hazeldine	Proctor
Clive	High Prairie	Purple Springs
Cluny	Holden	
Clyde	Huxley	Quebec
Compeer		
Connemara	Innisfail	Ranbudy
Coronation	Innisfree	Rasmussen
Coutts	Irma	Red Lake
Craigmoyle		Red Willow
Crossfield	Jarrow	Reid
Cygnets	Joffre	Ribstone
Cochrane		Richdale
	Kaleland	Ridgely
Dalroy	Kelsey	Roseland
Delburne	Kingman	Rye
Delia	Kinzella	
Didsbury	Kirriemuir	Saga
Dinasdale		Saskatoon
Donalds	Lamont	Saskatoon
Donnelly	Langdon	Saskatoon
Dorence	Lavoy	Saskatoon
Duagh	Leduc	Shedden
Duhamel	Legal	Spruce Grove
Durward	Lomond	Standard
	Lougheed	Stanhope
Eckville	Loyalist	Staveland
Edberg		Stettin
Edgerton	Macleod	Stettin
Elkpoint	Manville	St. Paul
Enchant	Manyberries	St. Paul
Erskine	Milk River	St. Paul
Etzikorn	Millet	St. Paul
	Milo	Tabor
Fahler	Minburn	Theriot
Federal	Monitor	Three Hills
Fincastle	Morinville	Trochu
Foremost	Morrin	Trochu
Forestburg	Munson	Two Hills
Forshee	Myram	
Fort Saskatchewan		Yegorville
	Namaka	Yegorville
Gleichen	Nanton	Yegorville
Girouxville	Natopa	Yegorville
Grande Prairie	Nemissam	Yegorville
Granum	New Bridgen	Yegorville
Grassy Lake	New Norway	
	Nobleford	Yegorville
Hackett		Yegorville
Haight	Olds	Yegorville
Hairy Hill	Oyen	Yegorville
Hanna		Yegorville
Hardisty	Packland	Yegorville
Hay Lakes	Penhold	Yegorville
Hayter	Prentiss	Yegorville



Mining and Distributing Coal for U.G.G. Customers

FARM SUPPLIES

 THE business of United Grain Growers Limited in handling farm supplies has a double importance. In itself it is of large volume, running into millions of dollars annually, and of great usefulness to many thousands of farmers. In addition, it has provided the foundation on which was based the whole business of handling farm supplies by farmers' organizations, which now amounts to a very large total in Western Canada.

After the Grain Growers' Grain Company, under which name this Company was first incorporated, became firmly established, and had proved its usefulness to farmers in handling their grain, the idea took hold that farmers might also participate in the distribution of farm supplies. The business was commenced by the Company in 1913, and shortly after by the Alberta Farmers' Co-operative Elevator Company, later to be amalgamated with the Grain Growers' Grain Company. It was taken up the following year by the Saskatchewan Grain Growers' Association.

The idea of distribution of farm supplies originated outside the Company—in the local Grain Growers' Associations. In a rapidly growing country there were many places where farmers could not obtain all they wished to buy. There were many other places where prices charged were altogether unreasonable. Local associations soon got the idea of bringing in a carload or two of different commodities to be distributed among their members. But, when they tried this, they found it practically impossible. No one would sell to them. Farmers must pay the regular retail price for everything, no matter how large the quantities in which they were willing to buy.

Farmers looked to their Company to correct the situation, and it was to meet these conditions that the Grain Growers' Grain Company undertook the handling of supplies. So well did it meet the needs of farmers that the business soon grew to large size. Now farmers' locals and co-operative trading associations are playing a large part in the business of Western Canada. There are few districts in which farmers have not handled some supplies, and their business is sought after instead of being refused. The first step towards accomplishing this result was the entry of this Company into the supplies business in 1913.

After handling flour, coal and apples the first year, the Company decided to distribute binder twine. This was a harder business to get into,



Manufacturing Barb Wire for distribution by United Grain Growers Ltd.

for the manufacturers on this continent, with their established channels of distribution, would not sell to them. There was all the more need for engaging in the business because twine was formerly handled on a wide margin, sometimes as much as a thousand dollars on a carload.

Its business refused on this continent, the Company looked overseas for a connection and found a factory in Ireland able and willing to supply binder twine. An order was placed in the spring of 1914, and that year the Company sold 2,395,400 pounds of twine, some through elevator agents, but mostly through local associations.

Since then, the handling of supplies by the Company has developed to a large business. The principal commodities are flour, feed, coal, binder twine, barbed wire and oils and greases. Most of the handling at points where there are Company elevators is done by the elevator agents. In most cases this has been found to be more satisfactory, and more convenient for farmers than the handling of this work by the secretary of a local associa-

tion, as used to be the general custom. Most of the elevator points are equipped with sheds for storage of coal, flour and feed.

Sales of these commodities are made at a large number of points where there is no U.G.G. elevator. In some places there are highly organized local trading associations. In other cases the local association may confine itself to handling a single carload or a few carloads of supplies in the course of a year. It is chiefly in coal and in binder twine that the latter type of business is done.

The effect of this business has not only been to give lower priced supplies to farmers trading directly with the Company. Probably an even greater number of farmers have been benefitted in the districts reached, by a competitive lowering of prices, as a result of the Company's entry into the field. To quote a single instance in this respect, after the first year in handling twine, the Company sent a circular to customers asking them to estimate the savings made through purchasing the Company's twine. The President was able to report to the annual meeting the following year that, based on figures reported, the average saving had been two and a quarter cents per pound.

At the present time United Grain Growers handles approximately nine million pounds of binder twine a year or about fifteen per cent. of the total amount used in Western Canada. Its coal business amounts to 100,000 tons a year. In barbed wire its sales of more than 20,000 spools annually are about ten per cent. of the total used in Western Canada.

EXPORTING GRAIN

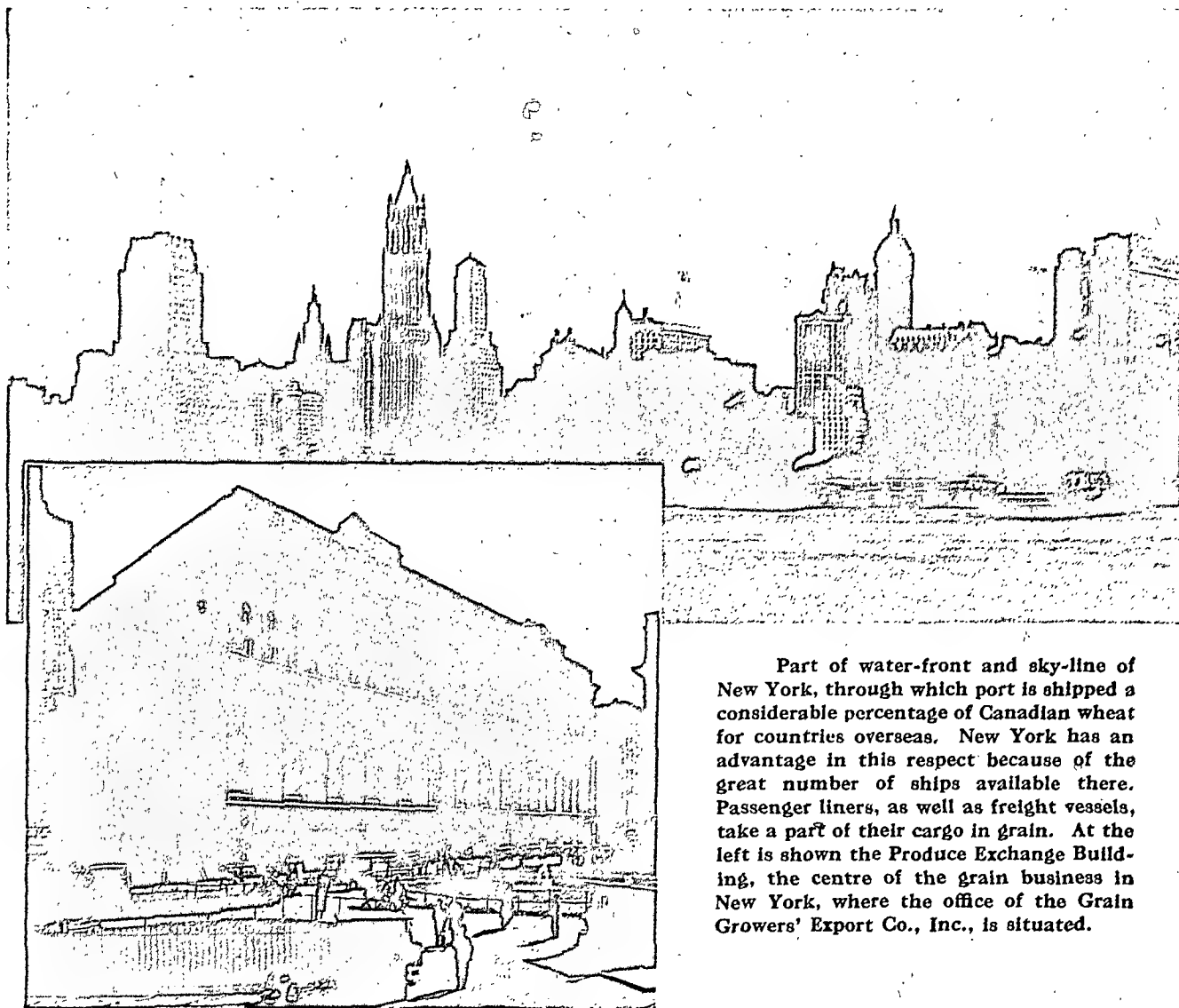
UNITED Grain Growers Limited carries on business in exporting grain through export offices in Winnipeg and in New York. For convenience in operating, the business is conducted through two subsidiary companies under one management. The headquarters of the Grain Growers' Export Company, Incorporated, are in New York, and those of the Grain Growers' Export Company, Limited, in Winnipeg.

The movement of western grain overseas falls into two main parts. The first is moving it from point of origin and placing it in store in the terminal elevators at Port Arthur and Fort William or at Vancouver. The second part is moving it from those points to ports abroad, and that is carried on by export organizations.

Only a limited number of grain handling organizations conduct an export business, but United Grain Growers has been in this business from the early days of the Company's history. By 1912 the Company's export business had reached such a state of development as to require the incorporation of a subsidiary company to handle it. Later a separate company was organized with a New York charter, because of the amount of business it was necessary to do in the United States. A considerable part of the western crop, as is well known, goes abroad through the port of New York, principally because of the number of vessels available there. Not only are freight vessels available for this movement, but most passenger liners take a portion of their cargo in grain.

Credit and reputation are two of the main essentials in conducting an export business, and both of these Grain Growers' Export Company was able to establish from the beginning. Export sales are conducted by cable, the exporting firm agreeing to deliver definite quantities and grades of grain at specified ports abroad and to ship it from specified ports within definite times. The buyer wants to know, when he makes a definite contract by cable, that the exporting firm is financially able to carry out its obligations, and that it can be counted on to fulfil its bargain. Similarly, the exporting firm wants to be sure of the integrity of its customers on the other side, and to know that when it delivers grain abroad according to contract, it will be accepted and paid for.

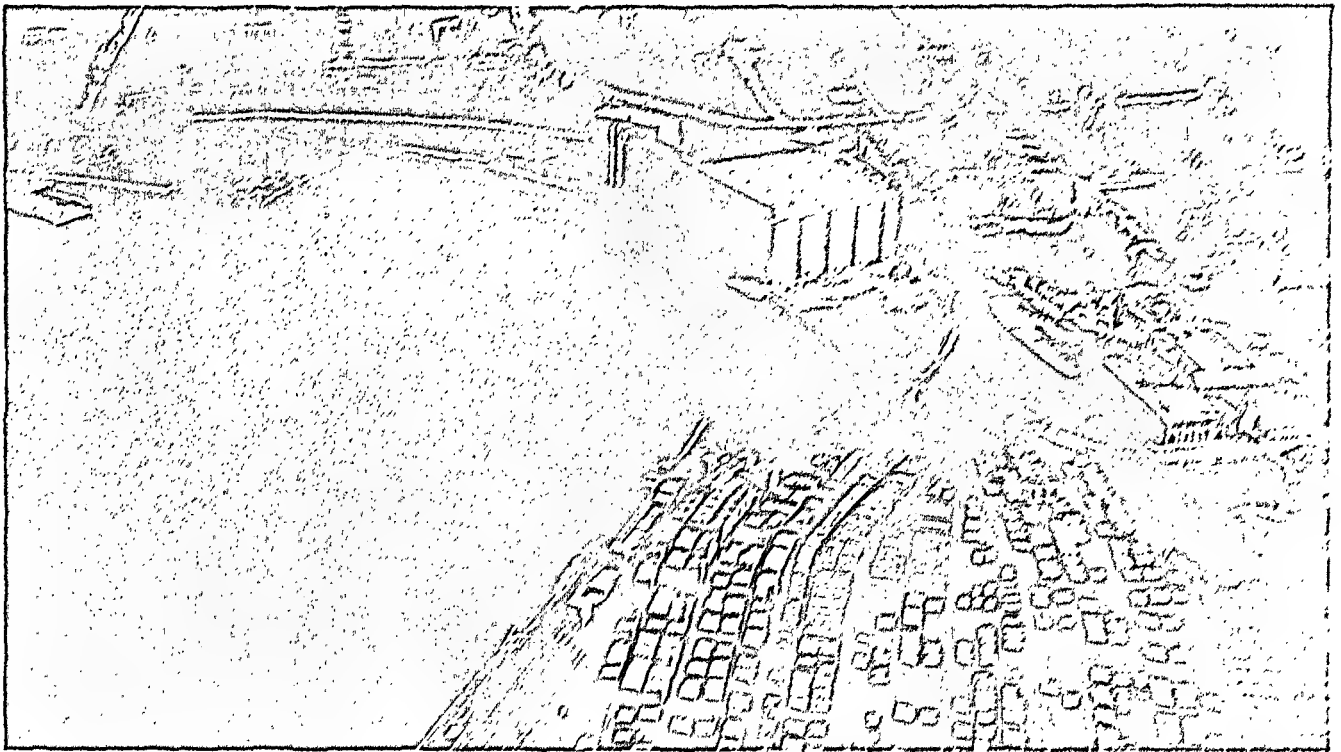
United Grain Growers early established its reputation in this business, and the Company was fortunate in making business connections with some of the soundest and most important firms importing grain to Great Britain



Part of water-front and sky-line of New York, through which port is shipped a considerable percentage of Canadian wheat for countries overseas. New York has an advantage in this respect because of the great number of ships available there. Passenger liners, as well as freight vessels, take a part of their cargo in grain. At the left is shown the Produce Exchange Building, the centre of the grain business in New York, where the office of the Grain Growers' Export Co., Inc., is situated.

and Europe. Consequently, its subsidiary, the Grain Growers' Export Company, built up a large business. So important a place had it obtained in the export field that in 1917 its New York office and organization were taken over for the use of the Allies in purchasing oats on this continent. From that time to the end of the war this office purchased all the oats obtained by the Allies in North America. Nearly 200,000,000 bushels of oats were thus bought for the Allies.

In other years the organization has proved its efficiency by handling, in competition with United States exporters, considerable quantities of grain from the United States, as well as from Canada.



Photograph by Canadian Air Force.

Midland Harbour as seen from the air. Midland, on Georgian Bay, is one of the ports to which grain is brought by vessels on the upper lakes. It is transferred through the elevator there to railway cars for shipment to Montreal.

The export business is conducted on very narrow margins, for a fraction of a cent per bushel will determine whether an order goes to one firm or another. An export organization needs the greatest possible efficiency, not only in handling grain, but also in dealing in freight, insurance, exchange and other features that enter into the business.

It is a testimony to the efficiency of this organization that in such a highly competitive business it has handled the exporting of several hundred million bushels of grain, during its years of operation.

The export business brings United Grain Growers into contact with a large number of different countries. A list of ports to which shipments of grain have recently been made includes the following:

London, England	Hamburg, Germany	Malmö, Sweden
Liverpool, England	Bremen, Germany	Norköping, Sweden
Hull, England	Rotterdam, Holland	Copenhagen, Denmark
Glasgow, Scotland	Antwerp, Belgium	Aarhus, Denmark
Leith, Scotland	Bergen, Norway	Constantinople, Turkey
	Oslo, Norway	

UNITED LIVESTOCK GROWERS LIMITED

THIS livestock marketing service of the Company, the largest and most extensive in Canada, is carried on through a subsidiary company, United Livestock Growers Ltd. Offices are maintained on the stock yards at Winnipeg, Calgary and Edmonton. This Company has established connections on all other markets to which western cattle are consigned.

More than 6,500 carloads of livestock, valued at over \$10,000,000.00 were handled last year, and the total value of the livestock handled in date by the organization exceeds \$70,000,000.00.

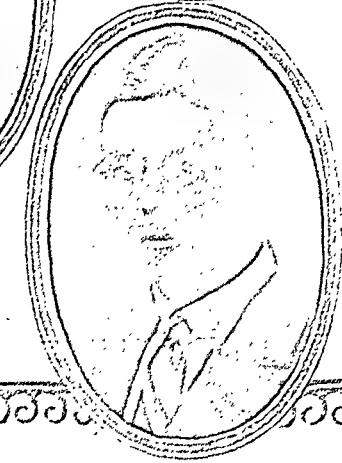
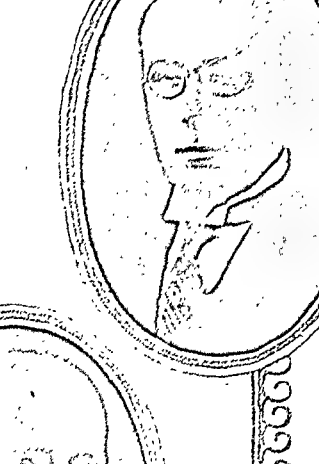
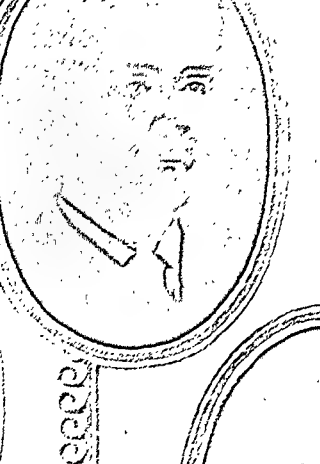
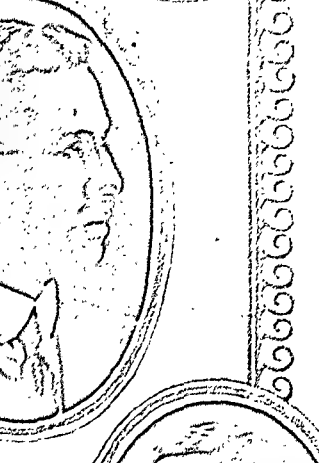
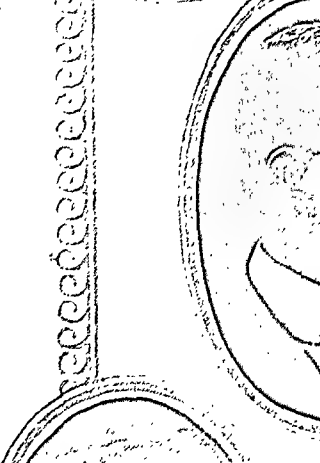
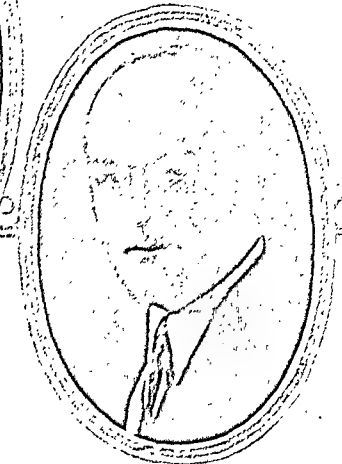
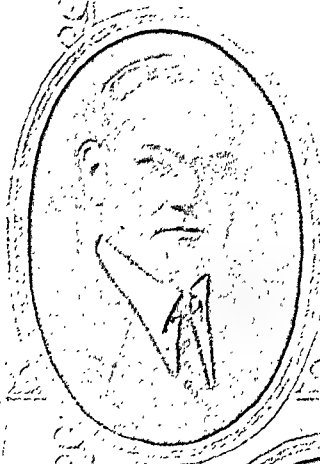
Through this business the marketing of western livestock has been greatly changed and improved during the past 14 years. Formerly farmers were dependent on local and travelling buyers to buy their livestock, unless they had enough to make up a carload themselves. The Company provided a service by which farmers who cooperated in making up carloads of livestock to be shipped to the central markets might get the benefit of central market prices. As the result of that work, and the building up of local shipping associations thus made possible, a large percentage of western livestock is now marketed in co-operative loads.

During the past five years the Company has successfully operated on the Winnipeg market a system of valuing, sorting and selling cattle, commonly known as the "Cattle Feed." This system has enabled the Company to sell to better advantage on the local market, and also to make large shipments to outside points. In addition to selling cattle to better advantage as a result of this system, the Company has paid over \$1,000,000 in patronage dividends on cattle so sold.

The large volume of business done has enabled the Company to develop an organization of great efficiency. The wide extent of its business makes for intimate knowledge of all conditions affecting livestock markets. These facts, combined with long experience, put it in an unequalled position to give a high standard of service in the marketing of livestock.

BOARD OF DIRECTORS 1927-1928

C. E. Hoag, Fort Langley, B.C.
D. C. McKeown, Brandon, Man.



J. J. Collier, Winnipeg, Sask.
D. S. Smith, Carleton Place, Ont.

W. B. Kirkpatrick, Excal, Alta.
D. L. Sears, Hanton, Alta.

Hon. J. H. Green, President, Winnipeg, Man.

John Kennedy, General Manager, Winnipeg, Man. C. H. Jones, First Vice Pres., Winnipeg, Man.
J. Morrison, Yellowknife, Sask.

TWENTY-FIRST ANNUAL REPORT OF UNITED GRAIN GROWERS LIMITED

For the Twelve Months ending August 31st, 1927

*Presented to the Annual Meeting of the Company, held in Winnipeg,
November 30th, 1927*

REPORT OF PRESIDENT ON BEHALF OF THE BOARD OF DIRECTORS

YOUR Directors are glad again to welcome the shareholders to the Annual Meeting of the Company. As in past years this report will endeavor to cover briefly and in a general way the more important aspects of the Company's operations for the past year, along with its various subsidiaries. Information of a more detailed character can be supplied when the accounts are under your consideration.

The year just passed has not been without its difficulties. The harvest of 1926 in many parts of Western Canada was accompanied by the worst weather experienced in many years. The result was that a very large percentage of grain was either tough, or damp, making an extremely difficult crop to handle. The total crop production was less than in the previous year, and, consequently, the handling of grain by the Company fell a little below the amount handled in the crop year of 1925-26. Though the crop a year ago was a difficult one to handle, facilities for drying were sufficient to care for it so that little loss took place through grain heating, as occurred in some previous years when there were less drying facilities.

The prices obtained for the crop of 1926, while falling somewhat below those of the previous year, were, nevertheless, on the whole, good. The total wheat production of the world runs roughly over four billion bushels a year. Last year, that is to say, from the first of August, 1926, until the 31st of July, 1927, Europe imported for her food requirements over 800 million bushels of wheat, and these supplies were drawn practically altogether from Canada, the United States, the Argentine and Australia. Supply and demand in the world are usually pretty delicately balanced, and crop damage or failure in any of the large producing countries has an

immediate stimulation on prices, while on the other hand, the prospect of excellent crops in all the producing countries will have the opposite effect. It is interesting to note that Canada's position as a supplying country is steadily increasing in importance, perhaps more rapidly than any other country in the world. This year the European wheat crop appears to have been about 100 million bushels in excess of the previous year, but owing to bad weather, much of it was harvested in poor condition. Both Canada and the United States have better crops than they had last year. It looks now as if Australia will have about 60 million bushels less for export than a year ago, while the Argentine crop at the moment promises about the same.

The Directors are glad to report that your Company has had a successful year, and that the subsidiaries have also shown satisfactory results. As in previous years, we will consider their business first.

PUBLIC PRESS AND GRAIN GROWERS' GUIDE

Coming now to our subsidiaries, the Public Press and The Grain Growers' Guide have had one of the best years in their history. This simply reflects the continued improvement in business conditions in Western Canada generally. The results obtained after all necessary provision for depreciation and maintenance were considerably better than the results a year ago, which, it may be added, were also better than the year previous.

During the year, the Directors found it necessary to add another story to the Public Press building to provide additional accommodation. The portion of this space not required by The Guide and the Public Press has been leased to Batten's Limited, an engraving and electrotyping concern with offices in Toronto and Montreal. The cost of this addition to the building, as well as the purchase of considerable new equipment for the plant, was provided for from funds of The Guide and the Public Press. The Guide continues to make steady progress. Its circulation, which a year ago stood at over 86,000, is now over 112,000, which affords a convincing proof of its popularity.

EXPORT COMPANIES

Little change has taken place in the conditions under which our Export Companies have operated for the last two or three years, and which have been referred to in previous reports. The results this year on the whole are better than a year ago. Both these Companies have operated with what may be considered a fair profit.

UNITED GRAIN GROWERS' SECURITIES COMPANY LIMITED

The business of this subsidiary has shown a satisfactory result for the year. As the shareholders are aware, it carries on a general fire, hail and casualty insurance business. It is worth noting that hail losses for the past season have been particularly heavy. Owing to the exceptional

and widespread hail damage delays in adjustment occurred which, in some cases, were unavoidable.

U.G.G. SAWMILLS LIMITED

A somewhat lengthy report was made on this subsidiary a year ago, when the decision was announced to the shareholders and approved by them that it be wound up. During the intervening period this process has been going on. The lumber on hand, and much of the equipment, and a small block of standing timber has since been sold and we expect that within a few months the assets will be pretty well cleaned up with the exception of some of the standing timber which costs comparatively little to carry, and which the Directors feel should not be sold until a satisfactory price can be obtained for it. The price received for the assets sold, particularly the machinery and the large miscellaneous equipment necessary for a mill of the character we were operating, has made it necessary for the Directors to make a further provision in connection with this account. Much of our assets, such as dwelling houses, school, hospital, boarding houses, blacksmith's shop, warehouse, etc., as well as the expense on the piling ground and mill site, had no realizable value. It must be borne in mind that to carry on our sawmill operations it was necessary to build a good-sized village which had practically no value in closing out the enterprise. Further reference will be made to this when we come to consideration of the balance sheet figures.

BURRARD ELEVATOR

The Burrard Elevator, located at Vancouver, which your Company controls, has had a successful year. You will recall that this elevator was leased by the Company from the Harbour Board of Vancouver in order to provide the Company with facilities at that port. Since our last Annual Meeting your Directors asked the Board to increase its capacity, both for grain storage purposes and for loading boats. Arrangements were, therefore, completed under which this was carried out, the Board providing the funds for the extension and your Company agreeing to pay increased rental to meet the increase in fixed charges which this entailed.

The Company operates this elevator on a long term lease. It is now one of the best equipped elevators on the Pacific Coast, with a total storage capacity of over a million and a half bushels and dock facilities that permit of the loading of two vessels at the same time. The readjustments in grain freight rates made by the Board of Railway Commissioners a few months ago are already resulting in a considerable increase in the amount of grain shipped to Vancouver, so that we are fortunate in having these increased facilities. There can be no doubt now that a very considerable portion of the grain crop of the prairie provinces will find its way to market through the port of Vancouver.

UNITED LIVESTOCK GROWERS LIMITED

This report will not attempt to deal with the business of this subsidiary since the Directors will present a special report concerning the changes contemplated as a result of developments during the past year.

CO-OPERATIVE SUPPLY DEPARTMENT

The results of our Co-operative Supply Department for the year have, on the whole, been satisfactory. Our total volume of sales shows a substantial increase, although the results at the end of August, in a financial way, were not quite up to those of last year. This is accounted for, however, by the fact that we had a heavy carry-over of twine from the previous year which had to be sold at the lower twine prices prevailing this year.

Your Directors feel that the Supply Department in its handling of binder twine, coal, flour and other commodities, is doing a real service to the Company's shareholders and patrons. Without question, our business in this department has effected very considerable savings to farmers in the price of such commodities as binder twine, coal and flour, and especially binder twine. The Company's sales in twine alone last season were over nine million pounds, while so far as coal is concerned, we are the largest single handler of this commodity in Western Canada. There is no reason why we should not have a steady expansion in this department of the Company's business.

TERMINALS

During the year our terminal elevators have operated with a satisfactory volume of grain and with satisfactory results in a financial way, considerable addition to our revenue being obtained from the drying of damp grain. The volume of business handled was almost as great as the year previous, notwithstanding that the crop was somewhat less. Last spring your Directors received what they considered a favorable offer for the purchase of Elevator "H," which was, as you may recall, built in 1916. After consideration it was decided to accept this offer and this property has accordingly been sold. Your Board had for some time felt that it would be advantageous to conduct our terminal operations at the lake front in one elevator served by both railroads. As you know, we have for years been operating under lease, C.P.R. Elevator "B" at Fort William, as well as our Elevator "H" at Port Arthur. The sale of Elevator "H" gave us the opportunity to go ahead with this plan. Once this decision was reached, all haste possible was made in getting out plans and the work under way, in the hope that the new elevator, which is five and a half million bushel capacity, would be ready to handle a portion of this year's crop. The work has progressed very favorably and we expect to have it in operation at the beginning of the new year. This elevator, we might add, is of concrete fireproof construction throughout. It has the latest terminal elevator

machinery and equipment, as well as the latest car dumping device for unloading cars. There are two storage annexes, one at each end of the workhouse, and each with a capacity of two and a half million bushels. The number of bins available for storage will be over 550. Operating conditions, owing to the increase in the varieties and grades of grain, particularly wheat, now demand facilities of this kind. The receiving capacity of the elevator will be 200 cars a day, while its loading-out capacity into vessels will be 80,000 bushels an hour. It is the most modern and best equipped terminal elevator on the North American continent.

It is the intention of your Board to surrender the lease of Elevator "F" to the Canadian Pacific Railway at the end of August next, so that our operations at the head of the lakes in the future will be confined to our new elevator. We expect to make a substantial saving in the cost of operating the new house as against the two elevators we have previously operated, which were located some six miles or more apart.

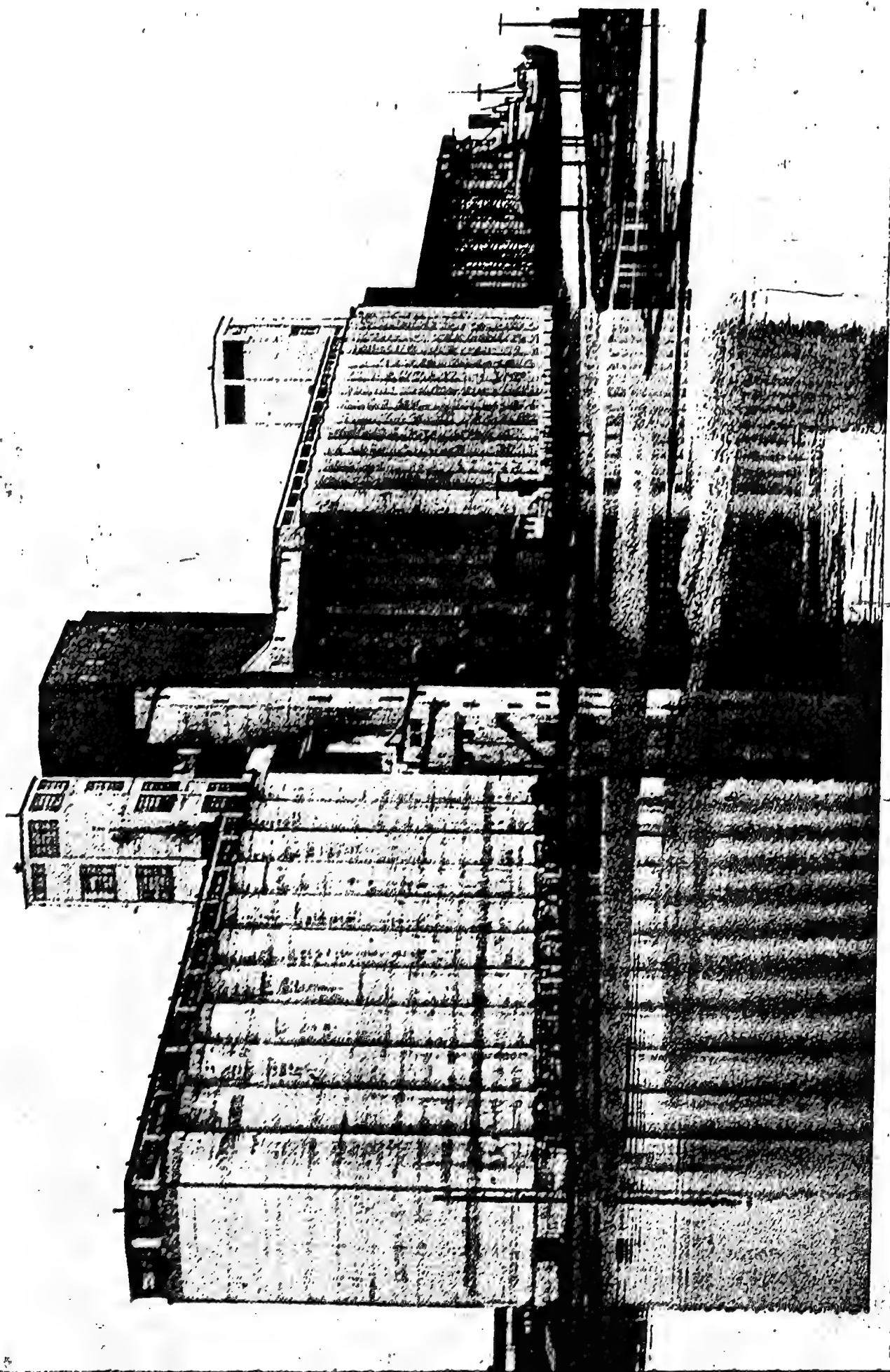
ELEVATOR AND COMMISSION DEPARTMENTS

The quantity of grain handled through these departments was almost equal to that handled during the previous year, and while our crop was less than the previous year, this was offset by an increase in the number of elevators under operation. As mentioned earlier in this report, the difficulties of country elevator operation were very considerable owing to the amount of damp and tough grain that was marketed. The result in a financial way was not so good as last year because of the difficulties in handling grain already referred to. The costs of operation remain about where they were a year ago, if anything showing a slight increase.

RELATIONS WITH THE POOLS

The shareholders will recall that at our last Annual Meeting, in Calgary, a very full discussion took place on the proposal that the Company's elevators should be sold to the three provincial Pools, and the delegates present decided by a large majority that the Company should continue in business.

You will recall also that at that meeting the Directors asked for authority from the delegates present to sell or lease to the provincial Pools such individual elevators as in the judgment of the Directors was advisable, and this authority was given. In December, immediately after the Annual Meeting, we advised the Pools that the delegates had refused to sanction the sale of the Company's elevators, but that they had unanimously passed a resolution giving the Directors authority, as mentioned above, and that the policy followed by your Board would be in accordance with the resolution passed by the delegates. Last March your Board was approached by representatives of the Alberta Pool to see whether or not we would be prepared to sell at a number of points in that province where the Pool had



United Grain Growers' Terminal Elevator at Vancouver, B.C. Capacity 1,600,000 bushels, with two shipping berths for loading two ocean-going vessels at one time.

decided to acquire elevators. After going carefully into the situation, we sold our elevators at twenty-seven points to the Alberta Pool. A little later we were approached by representatives of the Saskatchewan Pool, who wished to lease a number of our elevators in that province. We told them that we would prefer to sell rather than lease. They wished, however, to lease, and finally an arrangement was reached whereby nineteen of our elevators in Saskatchewan were leased to the Pool in that Province for a period of five years. This lease is on a basis that will provide the usual depreciation, pay taxes, and also provide a reasonably fair return on the money invested in the elevators. The Pool, according to arrangements, agrees to keep the elevators in a good state of repair and also agrees that if they decide to acquire an elevator at any of these points when the period of our lease expires, they will buy our elevator at a price to be arrived at by arbitration, if it cannot be negotiated directly between the Pool and the Company.

During the year we were asked by the Manitoba Pool to sell or lease at several points, and at one point a lease to the Pool was made. At some of these points your Board thought there was sufficient business for both and were not prepared to dispose of our house. At some other points the Pool decided to buy or build and approached us to buy our elevators. The price offered in these cases was the estimated value for wrecking purposes. In one of these instances we had an up-to-date elevator that had only been built two years ago. The refusal of the Pool to consider paying anything more than wrecking price made it impossible for us to deal with them at any more points.

After disposal of these elevators, by sale and lease, your Company is now operating, or has under construction, elevators at 368 points in the West, compared with 382 a year ago. At 118 of these points the provincial Pools also have elevators. Divided into provinces, 16 of these are in Manitoba, 27 in Saskatchewan and 75 in Alberta, and at nearly all of them, according to our information, both the Pool and your Company are doing a satisfactory business. On many of the new branch lines in Saskatchewan and Alberta the Pools and ourselves are building elevators at points where there will be sufficient grain deliveries for more than one elevator. We find, practically without exception, at these points that the farmers are desirous of having both Pool and U.G.G. elevators to give them service, rather than to have just one of these organizations and the other elevators at the point built by line companies. Your Board have been guided in their decisions by the Resolution passed by the delegates at the last Annual Meeting, and our operations so far indicate that this policy will work out satisfactorily.

There are some individuals in the three provinces who think, because the last Annual Meeting was not willing to sell all the Company's elevators

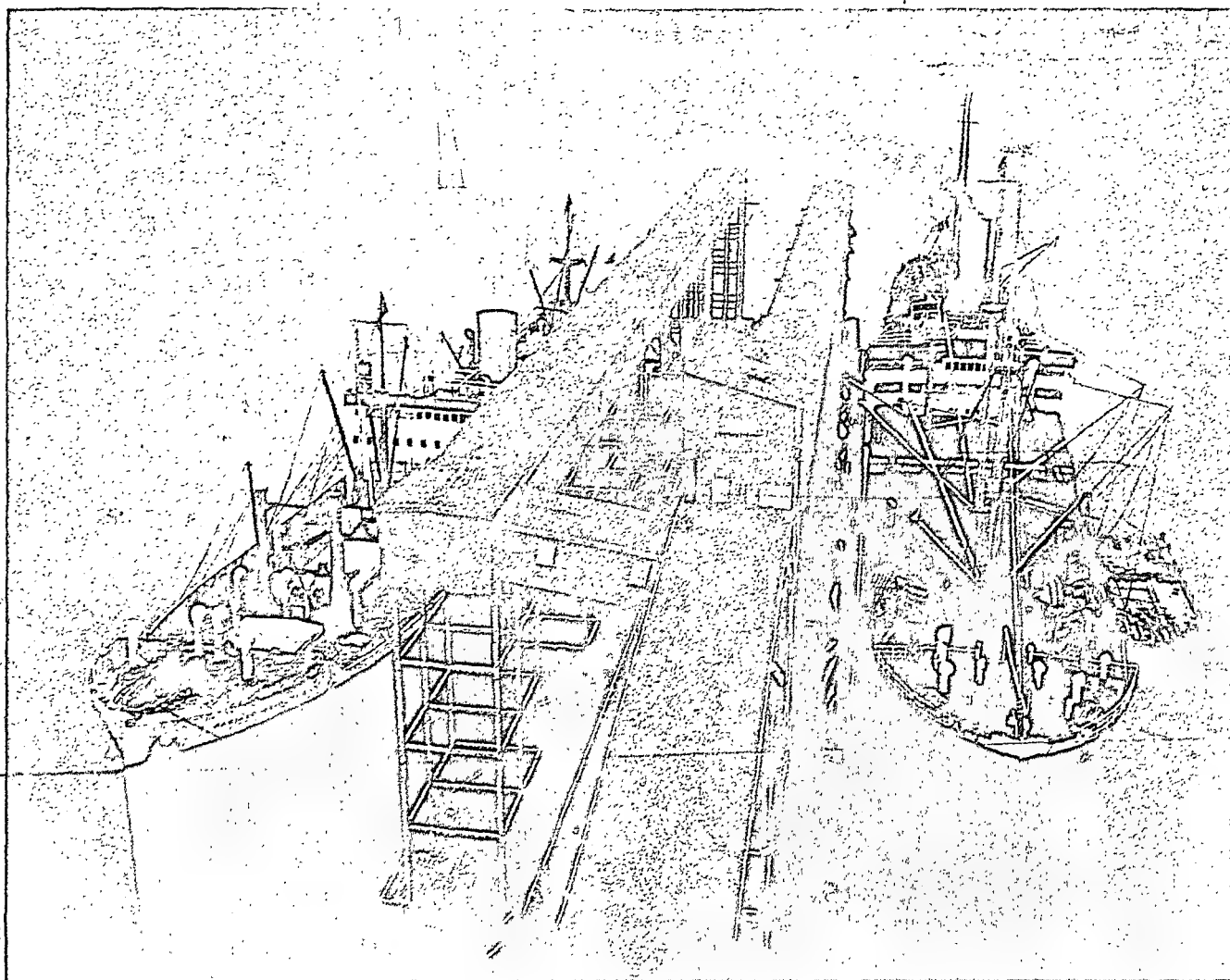
to the Pools, that the Company is hostile to the Pool. Your Board cannot help thinking that this is a wrong way to regard it. If the Pools today are facing any difficulties or dangers, these difficulties or dangers arise not from the U.G.G. or anything it has done. We are sure that any reasonable person who faces facts squarely cannot but come to the conclusion that the time is distant when all the grain of Western Canada will be handled through the Pools. There is, therefore, bound to be a considerable volume of non-Pool grain to be marketed in the prairie provinces, and during the past year more than half the grain marketed through the Company was non-Pool grain. Is it not in the best interests of the Pool itself that as great a volume of this non-Pool grain as possible be handled through a friendly farmers' Company? There should be no suspicion or strife between the Pools and the Company. They should be able to discuss their problems in the light of the relationship that is in the best interests of the farmers of Western Canada and should co-operate in the closest possible way. That is briefly the position and policy of your Directors, and we feel it will be supported by an overwhelming number of our shareholders.

PROFIT AND LOSS STATEMENT

We come now to the Profit and Loss Statement of the Company for the year. The total earnings amount to \$3,275,000.00 against \$3,281,000.00 a year ago, while the total expenses are \$2,555,000.00 against \$2,604,000.00 last year. The profit for the year just closed is the difference between earnings and total expenses, and amounts to \$720,265.94. This is reached after caring for full depreciation and interest on bonds, debentures and mortgages. As you are aware, the Company has always cared for its depreciation. In the case of Elevator "H" we were able to make a sale considerably better than its net value on our books. On the other hand, there was a small loss on the same basis on the elevators sold to the Alberta Pool. After setting one against the other, however, there still remains almost \$80,000.00 profit on the sale of properties during the year, which is included in the earnings mentioned a moment ago. Further, the Directors thought it advisable to make a provision of \$130,000.00 for possible further losses in the winding up of the U.G.G. Sawmills Limited. It is impossible at the present time to forecast accurately what the clean-up of the sawmill assets will bring, and your Board thought it wise to make this provision against it. Furthermore, a provision of \$20,000.00 was made for the possible loss of an advance to the United Livestock Growers Limited, which has since turned out to be unnecessary.

BALANCE SHEET

An examination of our Balance Sheet justifies the comment made by our Auditor in a letter which will be read to you that "the Company has more than maintained its very sound financial position." Our current



Two ocean-going vessels loading grain at one time at United Grain Growers' Terminal Elevator at Vancouver.

assets, it will be noted, amount to \$4,942,000.00 in round figures, against current liabilities of \$2,555,000.00. At the end of August the Company had in cash and in Government Bonds alone over \$300,000.00 more than would have been required to pay every dollar of its current liabilities. An examination of our capital assets shows them to be about \$250,000.00 less than a year ago. This arises from the sale of Elevator "H," the sale of elevators to the Alberta Pool, and, as well, the sale of our implement warehouse in Calgary, which was sold during the year. Roughly, the value of property sold amounts to \$700,000.00. On the other hand, our capital assets have been added to by new country elevator construction and through the expenditure to August 31st on our new terminal at Port Arthur. The net result is a reduction from the figures of a year ago to the figure presented

in the Balance Sheet before you. Coming now to the liability side of our statement, there is little that calls for comment. Our Capital Liabilities amount to \$1,859,000.00 made up of mortgage bonds, and amounts due the Provincial Governments of Manitoba and Alberta on account of country elevators, as well as debentures outstanding. The paid-up stock of the Company has increased by almost \$60,000.00 during the year. The total amount of capital stock subscribed is \$3,239,000.00 in round figures, on which \$260,000.00 is still owing. The General Reserve of the Company, you will note, amounts now to one and a half million dollars. The depreciation reserve amounts to two million dollars. A reference to last year's balance sheet will show you that \$664,000.00 in round figures was carried forward in the Profit and Loss account. This was reduced by the assessment for Dominion Government taxes, amounting to \$58,000.00 odd, and payment to the Saskatchewan Co-operative Wheat Producers Limited of \$3,359.42, bringing the balance in the Profit and Loss statement down to \$602,000.00. If we add to that the profit for the year just closed, namely, \$720,000.00, we reach in round figures \$1,322,000.00. From this has been appropriated, first, the patronage dividend, amounting to \$76,972.07, and a payment to the Alberta Pool on Pool grain of \$49,625.00 in accordance with the arrangements mentioned in the last Directors' Report, which combined, amount to \$126,597.07. The next charge on this profit was the Shareholders' dividend at 8%, which required \$237,245.38. The Directors also decided to transfer to the General Reserve \$42,933.99 to bring it up to a million and a half dollars, as mentioned a moment ago. They decided further to increase the total reserve for depreciation, and transferred from the Profit and Loss Account \$309,999.74. After making these charges and adjustments there is still left in the Profit and Loss statement \$605,987.83, which is the amount carried forward. It must be borne in mind that this is subject to Dominion Government taxes on our earnings for the past year.

It may be pointed out that this statement shows the Company to be in a thoroughly sound position financially. There can be no doubt that on any fair valuation of our assets your shares are worth very considerably more than you paid for them. It might be worth mentioning here that the question is sometimes asked why our shares are not selling at a higher price. The reason can be found in the limited market for our stock. Under our charter, shareholders are required to be farmers or owners of farm land. If this limitation did not exist we venture to say that your shares would be selling at a very much higher price than they are at the present time. There has been quite a noticeable trend on the part of many shareholders to increase the number of shares they hold in the Company.

In accordance with the notice sent to the locals, the Directors are asking the delegates to increase the borrowing powers of the Company on Bonds and Debentures to seven and a half million dollars. The purpose of

this is to give the Board authority, if it should be considered advisable, to borrow against our new terminal elevator, and new country elevator construction; and as well, to call in our outstanding bonds, and replace them with a new issue of bonds, if this should be considered desirable.

CONCLUSION

This is the twenty-first Annual Report of the Company to be submitted to the shareholders, and twenty-one years of business experience brings some reflections. Not many farmers' organizations on this continent or elsewhere have survived twenty-one years of active business. In order to mark this in some special way your Directors some time ago decided to get out a special Annual Report dealing mainly with the Company's present business and activities, but yet carry the thread of its history back to its origin twenty-one years ago. In that report, when it reaches you, you will find a copy of the first Balance Sheet of the Company, giving its financial position at the end of its first year of business.* Place it in contrast with the Balance Sheet submitted to you today and you can be given no more striking evidence of the progress made in the intervening years. But great as was that progress in a financial way, it scarcely touches the real benefits brought by your Company to the farmers of Western Canada. There has been the growth in a financial way; there has been the steady payment of return on the money you invested in the Company every year with the exception of one. This is as it should be, for no business organization, farmer or otherwise, can permanently endure unless it is founded in equity, and it is but just and fair that the individuals who contributed their money to buy stock in the Company for the benefit of all should have a return upon it. But let it be repeated, the benefits have been much wider than this. Twenty-five years ago the farmers of Western Canada were in the grip of an elevator monopoly dominated by a few powerful concerns. We need but repeat here what has been said time and again by impartial, disinterested observers, that the work done by the old Grain Growers' Grain Company, and later by the Saskatchewan and Alberta Farmers' Co-operative Elevator Companies, broke the back of that monopoly, and their entry into all departments of the grain handling business introduced an element of competition that set a new standard for the business of grain handling in Western Canada and for the whole world.

The early years of the Company were years of hard struggle and effort; years of struggle and effort that are not appreciated by those who, coming upon the scene later, glibly and thoughtlessly criticize the Company today. Looking back over the twenty-one years we can see where many mistakes were made, but this at any rate can be confidently and successfully asserted,

* See page seventy-one of this Report.

that the guiding principle of the Company's policy from the day it started business until the present time has been an amelioration of the conditions of life of our Western farmers. To that end the shareholders have always given warm approval to the financial assistance given by the Company to the various provincial associations and to the Council of Agriculture, assistance which enabled these bodies to effectively educate public opinion throughout Canada to the necessity of fair freight rates, to reduction in the tariff, as well as in other directions. In short, it has enabled them to place the needs of Western agriculture before the whole people of Canada. The benefits of this can scarcely be estimated. Let one instance suffice. Had there not been an effective Council of Agriculture seven years ago the Crow's Nest Pass freight rates might well have gone by the board. If this had happened the farmers of Western Canada would today be paying annually an additional freight bill on the movement of their grain of at least 25 million dollars. Your Company has always stood for a spirit of unity and co-operation among farm organizations. Nothing from without can break them if this spirit is maintained. They can only be destroyed from within. We should set our faces against all such influences, whether from within or without.

In this twenty-one years the Company has seen some ups and downs, but on the whole it has made steady and consistent progress, and we feel sure that any reasonable and fair-minded person will agree that it has made a very substantial contribution to the welfare of the farmers of Western Canada. The Company has still an important work to do and for the future it merits a continuation of the good support it has received from its many shareholders and patrons during the twenty-one years it has been in business.

JOHN SCOTT & CO.

CHARTERED ACCOUNTANTS

WINNIPEG, MANITOBA

V. DRENNAN, C.A.
G. A. BRYANT, C.A.

218 ROYAL BANK BUILDING

WINNIPEG, 16th November, 1927.

AUDITORS' REPORT

The Shareholders,
United Grain Growers Ltd.,
Winnipeg.

Gentlemen:

We beg to report that we have audited the Books and Accounts of United Grain Growers Ltd., for the year ending 31st August, 1927, and have prepared therefrom the attached Profit and Loss Account and General Balance Sheet, which are now submitted for your consideration.

The operations for the year have resulted in a Net Profit of \$120,265.94, before providing for Federal Income Tax. In arriving at this figure, all expenses and accruals have been taken care of, and provision has been made at the full customary rates for Depreciation on Country and Terminal Elevators, Warehouses, Automobiles, Office Furniture and Equipment. A charge has also been made against these results to take care of losses incurred by reason of advances to U.G.G. Sawmills Ltd., and United Livestock Growers Ltd.

It should here be noted that included in the Earnings for the year is the Net Profit realized on the sale of certain of the Company's properties to which reference will be made in your President's report. You will observe from the Balance Sheet that these sales are reflected in the decreased value of Capital Assets as compared with the figures of a year ago, although they have to some extent been offset by the expenditures made to date in connection with the construction of new elevator facilities.

The Balance Sheet shows the Company to have more than maintained its very sound financial position, there being Current Assets of \$4,942,516.20, against which Current Liabilities amount to \$2,255,166.25, while the Funds in Bank and On Hand, together with the Company's holdings of negotiable Bonds are more than sufficient to take care of all Current and Contingent Liabilities. Against the Capital Assets of \$6,257,966.39, the outstanding Bonds, etc., amount to \$1,859,440.03, there being Depreciation Reserves of \$2,000,000.00. The Shareholders' Capital, General Reserve and Surplus amount to \$5,025,066.31.

The amount brought forward on Profit and Loss Account at 31st August, 1926, was \$664,565.20, and from this has been deducted Federal Taxes and other small adjustments, thus leaving \$602,498.04. To this has been added the Net Profit for the year of \$720,265.94, resulting in a total of \$1,322,763.98, from which the following appropriations have been made: Patronage Dividend and payment to the Alberta Pool, the two items together totalling \$126,597.07; Shareholders' Dividend, \$237,245.38, being at the rate of 8% per annum; and amounts credited to General and Depreciation Reserves of \$42,933.96, and \$309,999.74 respectively. The total of these appropriations is \$716,776.15, thus leaving \$605,987.83 at credit of Profit and Loss Account, subject to Federal Income Tax for 1927, to be carried forward to next year, the General and Depreciation Reserves being established at one and one-half million and two million dollars respectively.

In our Report a year ago we fully covered the adjustments made in values of Capital Assets due to the appraisal. No further adjustments of this nature have been made during the past year.

The quantities and values of Stocks of Grain, Farm Supplies, etc., are in accordance with Inventories and Valuations prepared and certified to by the Company's Officials. The securities in the Company's possession covering its investments in Bonds, Stocks, Shares, Exchange Memberships, etc., have been produced for our inspection, while those held by the Company's Bankers have been duly authenticated by certificates as also have the funds standing to the Company's credit in the Banks.

As in previous years, we have prepared a Consolidated Balance Sheet of the Company, and this is also now submitted for your consideration. In this Balance Sheet the stock holdings of the Parent Company in its various Subsidiaries and the inter-company loans have been eliminated, and in lieu thereof, the Assets and Liabilities of the Subsidiaries are grouped with those of the Parent Company, thereby disclosing the actual position and Balance Sheet worth of your Capital and Surplus.

Yours faithfully,

(Signed) JOHN SCOTT & CO.,

Chartered Accountants.

UNITED GRAIN GROWERS LIMITED

BALANCE SHEET

AND

PROFIT AND LOSS ACCOUNT

AS AT 31st AUGUST, 1927

PROFIT AND LOSS ACCOUNT

FOR YEAR ENDING 31st AUGUST, 1927

By Earnings	\$3,275,949.57
Consisting of Profits from Grain, Storage and Handling Charges, Farm Supplies, Dividends from Investments, Sales of Properties, etc.	
To Expenses	\$2,173,398.56
Consisting of Wages and Expenses operating Country and Terminal Elevators, Handling and Selling Expenses of Farm Supplies, etc., and General Administrative Expenses, Rentals, Insurance, Taxes, etc.	
To Interest on Bonds, Mortgages and Debentures	107,229.96
To Depreciation	275,055.11
On Elevator Buildings and Machinery, Warehouses and Miscellaneous Equipment.	
	<hr/> 2,555,683.63
Balance, being Net Profit, subject to Government Taxes, carried to Balance Sheet	<hr/> \$ 720,265.94

Winnipeg, 16th November, 1927.

GENERAL BALANCE SHEET

UNITED GRAIN GR

ASSETS

CURRENT ASSETS..... \$4,942,606.20

Funds in Bank and On Hand \$1,753,322.26

Bonds—Dominion of Canada and Provincial Governments, etc. (at cost).... 808,055.00

Advances on Bills of Lading and Other Debts due to the Company 419,280.03

After providing for estimated Doubtful Accounts.

Stocks of Grain and Farm Supplies 653,649.62

As per Certified Inventories.

Miscellaneous Supplies, Accruals and Deferred Expenses 131,821.49

As per Certified Statements.

Stocks and Shares and Exchange Memberships 1,166,736.80

Advances to Subsidiary Companies \$4,932,865.20

9,741.00

\$4,942,606.20

CAPITAL ASSETS..... 6,257,066.39

Elevator Buildings and Machinery, Warehouses and Miscellaneous Equipment \$6,033,131.55

Real Estate 125,909.26

Office Furniture and Equipment 98,025.58

\$6,257,066.39

Signed on behalf of the Board of Directors,

T. A. CRERAR, President;

C. RICE-JONES, First Vice-President.

Winnipeg, 16th November, 1927.

\$11,199,672.59

We beg to report to the Shareholders that we have audited the Books and Accounts of United Grain foregoing Balance Sheet is properly drawn up so as to exhibit a true and correct view of the Company by the Books of the Company. The quantities and values of the Stocks of Grain, Farm Supplies, etc., and the securities covering the investments in Stocks, Shares and Memberships have been produced for our the Company's credit in the Banks. All our requirements as Auditors have been complied with.

POWERS LIMITED

AS AT 31st AUGUST, 1927

LIABILITIES		
CURRENT LIABILITIES		\$2,255,166.25
Outstanding Cheques	\$ 312,888.98	
Outstanding Orders and Cash Tickets	93,953.54	
Accounts and Bills Payable (including Sundry Accruals)	1,139,834.25	
Shareholders' Dividends	256,118.05	
	<u>\$1,802,794.82</u>	
Deposits by Subsidiary Companies	452,371.43	
NOTE—In addition to the above Liabilities, the Company is contingently liable in respect of guarantees for Bank and other Loans of Subsidiaries of \$56,000.00.		<u>\$2,255,166.25</u>
CAPITAL LIABILITIES		1,859,440.03
First Mortgage Bonds (Maturing 1st January, 1940)	\$ 871,000.00	
Authorized, \$2,000,000.00. Issued, \$1,050,000.00.		
Amount outstanding after deducting annual redemptions through Sinking Fund, \$871,000.00.		
Mortgages	919,240.03	
Debentures (Maturing 1st March, 1938)	69,200.00	
Amount Issued	\$87,500.00	
Less: Redeemed and Held in Sinking Fund	18,300.00	
	<u>\$69,200.00</u>	
	<u>\$1,859,440.03</u>	
CAPITAL STOCK		2,979,078.48
Amount Subscribed	\$3,239,250.00	
Amount Unpaid	260,171.52	
	<u>\$2,979,078.48</u>	
RESERVES		3,500,000.00
General	\$1,500,000.00	
Depreciation	2,000,000.00	
After adding customary depreciation provision and appropriation from Profit and Loss Account and Deducting adjustment for Buildings and Equipment sold.		<u>\$3,500,000.00</u>
PROFIT AND LOSS ACCOUNT		605,987.83
Amount Brought Forward from Previous Year	\$ 664,565.20	
Less: Dominion Government Taxes Paid	\$58,707.74	
Payment to Saskatchewan Co-operative Wheat Producers Ltd.	3,359.42	
	<u>62,067.16</u>	
	<u>\$ 602,498.04</u>	
Profit for Year, Subject to Taxation	720,265.94	
	<u>\$1,322,763.98</u>	
From which has been appropriated:		
Patronage Dividend and Payment to Alberta Pool	\$126,597.07	
Shareholders' Dividend at 8% per annum	237,245.38	
To General Reserve	42,933.96	
To Depreciation Reserve	309,999.74	
	<u>716,776.15</u>	
	<u>\$ 605,987.83</u>	
	\$11,199,672.59	

Growers Limited, for the year ending 31st August, 1927, and we hereby certify that, in our opinion, the affairs as at that date, according to the best of our information and the explanations given us and as shown in accordance with inventories and valuations prepared and certified to by the Company's officials, whilst inspection or authenticated by certificates from the Company's Bankers, as also have the Funds standing to

(Signed) JOHN SCOTT & CO., Chartered Accountants.

UNITED GRAIN GROWERS LIMIT

GRAIN GROWERS' EXPORT COMPANY INCORPORATED, GRAIN GROWERS' EXPORT
UNITED GRAIN GROWERS' SECURITIES COMPANY

Consolidated General Balance

ASSETS

CURRENT ASSETS.....\$5,137,720.31

Funds in Bank and On Hand.....	\$1,963,945.60
Federal, Provincial, Municipal and Other Bonds ..	965,753.06
Advances on Bills of Lading and Other Debts due to the Companies ..	775,474.78
After providing for estimated Doubtful Accounts.	
Stocks of Grain, Farm Supplies, etc.	1,160,079.64
In terms of Approved Inventories.	
Miscellaneous Supplies, Accruals and Deferred Expenses ..	126,425.43
In terms of Certified Statements.	
Stocks, Shares and Memberships ..	136,041.80
	<u>\$5,137,720.31.</u>

CAPITAL ASSETS.....6,851,680.49

Country and Terminal Elevators, Warehouses, Printing Plant, Equipment, etc.	\$6,551,994.54
Office Furniture and Equipment ..	141,276.69
Real Estate ..	158,409.26
	<u>\$6,851,680.49</u>

\$11,989,400.80

Winnipeg, 16th November, 1927.

We have examined the above Balance Sheet as prepared from the Audited Accounts of United Grain up so as to show the true financial position of the Companies as at 31st August, 1927.

ED AND SUBSIDIARY COMPANIES

COMPANY LIMITED, PUBLIC PRESS LIMITED, GRAIN GROWERS' GUIDE LIMITED, LIMITED, UNITED LIVESTOCK GROWERS LIMITED.

Sheet as at 31st August, 1927

LIABILITIES

CURRENT LIABILITIES		\$2,796,426.04
Bank Loans	\$1,125,154.32	
Outstanding Cheques	23,302.49	
Outstanding Orders and Cash Tickets	95,242.64	
Accounts and Bills Payable	1,557,362.61	
Shareholders' Dividends	245,864.30	
	<u>\$2,796,426.04</u>	

CAPITAL LIABILITIES		1,275,444.64
First Mortgage Bonds (Maturing 1st January, 1940)	\$1,275,444.64	
Authorized	<u>\$1,275,444.64</u>	
Issued	<u>\$1,275,444.64</u>	
Mortgages	95,242.64	
Debentures	67,000.00	
	<u>\$1,275,444.64</u>	

CAPITAL STOCK IN SUBSIDIARIES NOT OWNED BY UNITED GRAIN GROWERS LTD.		39,134.54
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Including proportion of Surplus applicable thereto.		
CAPITAL STOCK, RESERVES AND SURPLUS		7,476,864.39

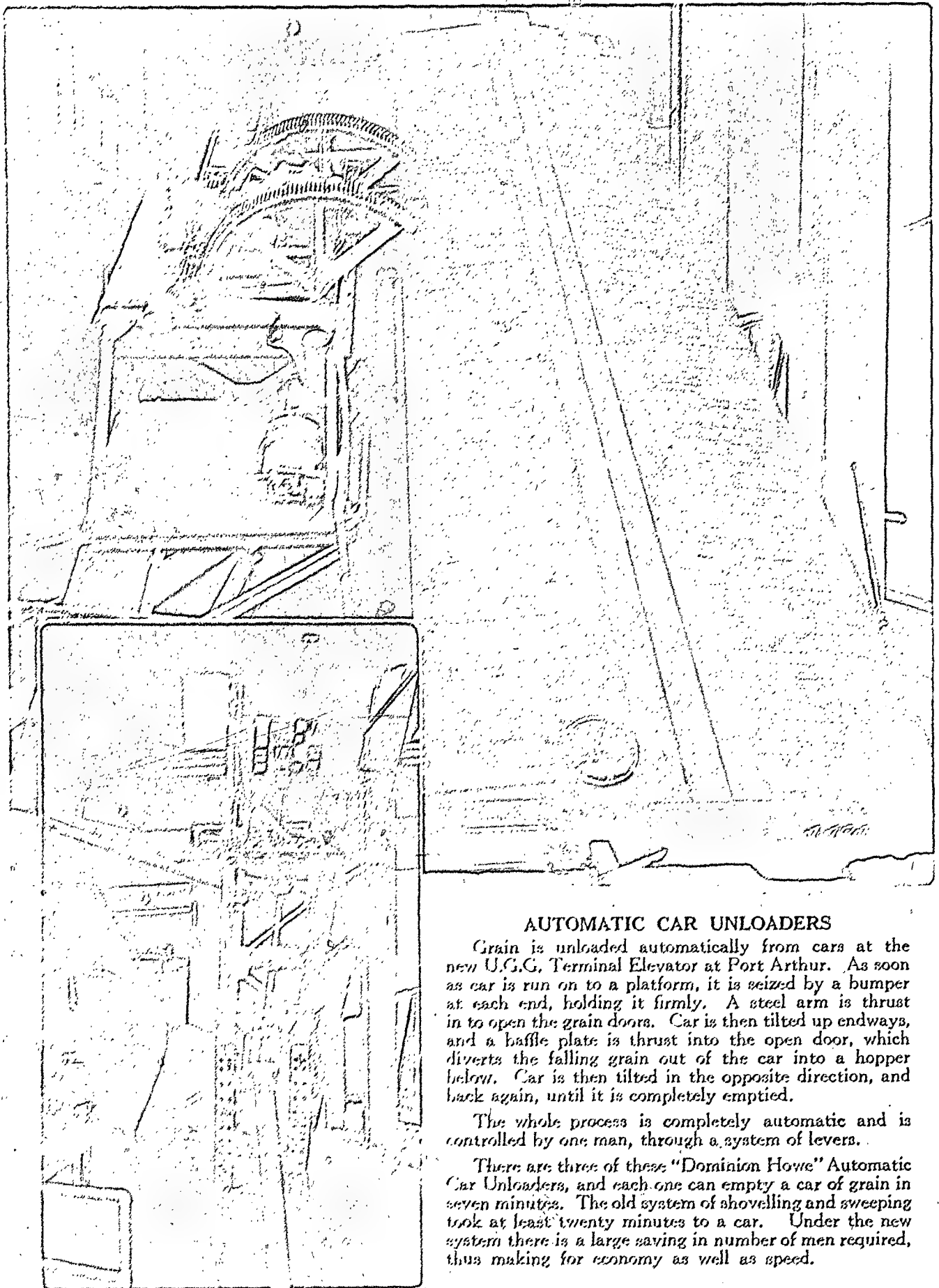
Capital Stock	\$2,319,318.42	
Amount Subscribed	\$3,239,250.00	
Amount Unpaid	260,871.52	
	<u>\$2,319,318.42</u>	
Reserves	3,749,864.30	
General	\$1,557,362.61	
Depreciation	2,245,864.30	
	<u>\$3,749,864.30</u>	

Surplus—Subject to Taxation on the Current Year's Profits	749,457.57	
	<u>\$749,457.57</u>	

\$11,999,446.26

Growers Ltd. and its Subsidiary Companies, and hereby certify that, in our opinion, it is properly drawn.

(Signed) JOHN SCOTT & CO., Chartered Accountants.



AUTOMATIC CAR UNLOADERS

Grain is unloaded automatically from cars at the new U.G.G. Terminal Elevator at Port Arthur. As soon as car is run on to a platform, it is seized by a bumper at each end, holding it firmly. A steel arm is thrust in to open the grain doors. Car is then tilted up endways, and a baffle plate is thrust into the open door, which diverts the falling grain out of the car into a hopper below. Car is then tilted in the opposite direction, and back again, until it is completely emptied.

The whole process is completely automatic and is controlled by one man, through a system of levers.

There are three of these "Dominion Howe" Automatic Car Unloaders, and each one can empty a car of grain in seven minutes. The old system of shovelling and sweeping took at least twenty minutes to a car. Under the new system there is a large saving in number of men required, thus making for economy as well as speed.

GENERAL MANAGER'S REPORT

FOR THE TWELVE MONTHS ENDING AUGUST 31st, 1927

*Presented to the Annual Meeting of the Company held in
Winnipeg, November 30th, 1927*

To the Shareholders,
United Grain Growers Limited.

The General Balance Sheet and Profit and Loss Statement for the year ending 31st August, 1927, as already submitted to you, show a net profit of \$720,265.94, a very satisfactory result in view of operating conditions which have existed during the past season.

As has been the custom in the past, I herewith give you a short explanation of some of the items in the Balance Sheet which you have before you.

BALANCE SHEET

Total Current Assets.....	\$4,942,606.20
Total Current Liabilities.....	2,255,166.25

(This includes Shareholders' Dividends, Patronage Dividends, and Payment to Alberta Pool, amounting to \$401,999.15.)

Excess of Current Assets over Current Liabilities.....	\$2,687,439.95
--	----------------

Current Assets this year are almost two and one-quarter times the total Current Liabilities. The increase in Current Assets, as compared with a year ago, is dealt with later in this report.

Total Capital Assets.....	\$6,257,066.39
Total Capital Liabilities.....	1,859,440.03

(Comprised of Bonds, Mortgages and Debentures).

Excess of Capital Assets over Capital Liabilities.....	\$4,397,626.36
--	----------------

FUNDS IN BANK AND ON HAND total \$1,753,322.26, and if to this is added Railway and other Bonds on hand, amounting to \$808,055.00, you will note that there is a total of \$2,561,377.26 in cash or bonds, which are convertible into cash, which amount is sufficient to pay all the Current Liabilities of the Company as at 31st of August and still have over \$300,000.00 in the bank.

STOCKS OF GRAIN, FARM SUPPLIES, ETC. (IN TERMS OF CERTIFIED INVENTORIES), \$653,649.62. These show a decrease, as compared with last year, of \$89,514.88, made up as follows:

STOCKS		
	Value	Increase
Grain.....	\$262,915.94	\$ 15,367.66
Repairs, etc.....	21,667.09	4,659.43*
Supplies (Coal, Flour, Twine, etc.).....	369,066.59	100,213.11*
<hr/>		
Decrease.	\$653,649.62	\$ 89,514.88

MISCELLANEOUS SUPPLIES, ACCRUALS AND DEFERRED EXPENSES (IN TERMS OF CERTIFIED STATEMENTS), \$131,821.49, an increase of \$6,166.72. Items included are: Supplies at Country Elevators, such as gasoline and oil on hand, gasoline drums, car liners, fuel and stationery at offices, construction and terminal repairs, supplies, etc. Accruals consist of storage and handling charges due but not yet paid, pertaining to Terminal "B" and "E" and the Country Elevators, and for items such as interest earned on advances and mortgages. Deferred expenses include insurance, taxes, rent, etc., prepaid.

STOCKS AND SHARES AND EXCHANGE MEMBERSHIPS. \$1,166,736.80. The stock of the following Subsidiary Companies is included:

Grain Growers' Export Company, Inc., New York;
Grain Growers' Export Company Ltd., Winnipeg;
Public Press Limited;
United Grain Growers' Securities Company Ltd.;

together with shares in United Livestock Growers Ltd., the Traders' Building Association, the Winnipeg Grain and Produce Clearing Exchange Association, Echo Flour Mills Limited, Superior Feed Company, Burrard Elevator Co. Ltd., and seats on the Winnipeg, Calgary, Vancouver and Fort William Grain Exchanges.

CAPITAL ASSETS

ELEVATOR BUILDINGS, MACHINERY, ETC., \$6,257,066.39. These include line elevators and elevator machinery, expenditure previous to August 31st on the new Terminal Elevator at Port Arthur now under construction and site for same, coal and flour warehouses, Kildonan warehouse at Winnipeg, travellers' automobiles and miscellaneous equipment.

Terminal Elevator "H" at Port Arthur was sold in May, 1927, and contracts immediately placed for the construction of a fully modern terminal elevator, with a capacity of five and a half million bushels, on the site owned by the Company in Port Arthur, Ontario.

Calgary warehouse, which was built for storage of farm machinery, was sold during the year.

Since September 1st, 1926, 25 country elevators have been purchased; 14 new elevators were built before August 31st, and since that date 27 additional elevators and an annex have been built or are under construction at the date of this report. At 11 points the elevators were torn down and replaced with modern houses; 3 elevators were destroyed by fire and 2 of these have now been rebuilt; 29 elevators were sold during the year.

The Elevators, Flour Houses, Coal Sheds, etc., owned by the Company are as follows:

	Alta.	Sask.	Man.	Total
Elevators.....	185	83	133	401
Annexes.....	32	5	2	39
Flour Houses.....	143	36	66	245
Coal Sheds.....	117	47	58	222
Supplies Sheds.....	1	..	4	5
Cottages.....	32	18	22	72

CONTINGENT LIABILITIES

These amount to \$56,000.00, a net decrease of \$122,000.00 from last year. The item is made up as follows:

U.G.G. Sawmills Limited, Bank Loan.....	\$40,000.00
Public Press Limited, Mortgage.....	16,000.00
	<hr/>
	\$56,000.00

CAPITAL LIABILITIES

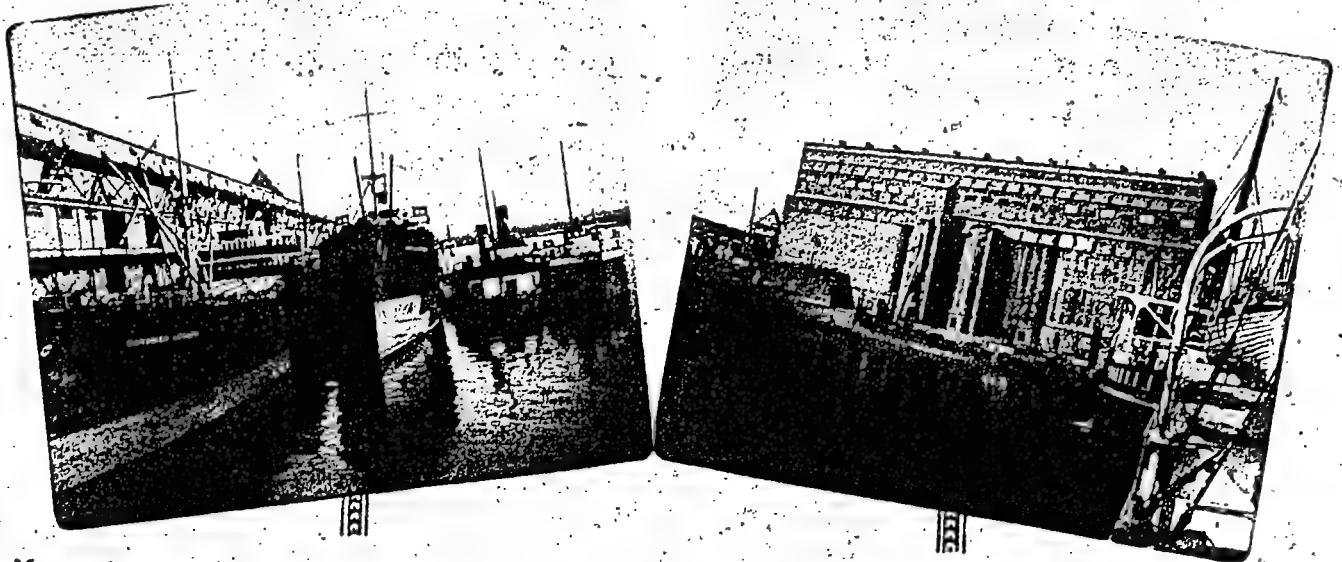
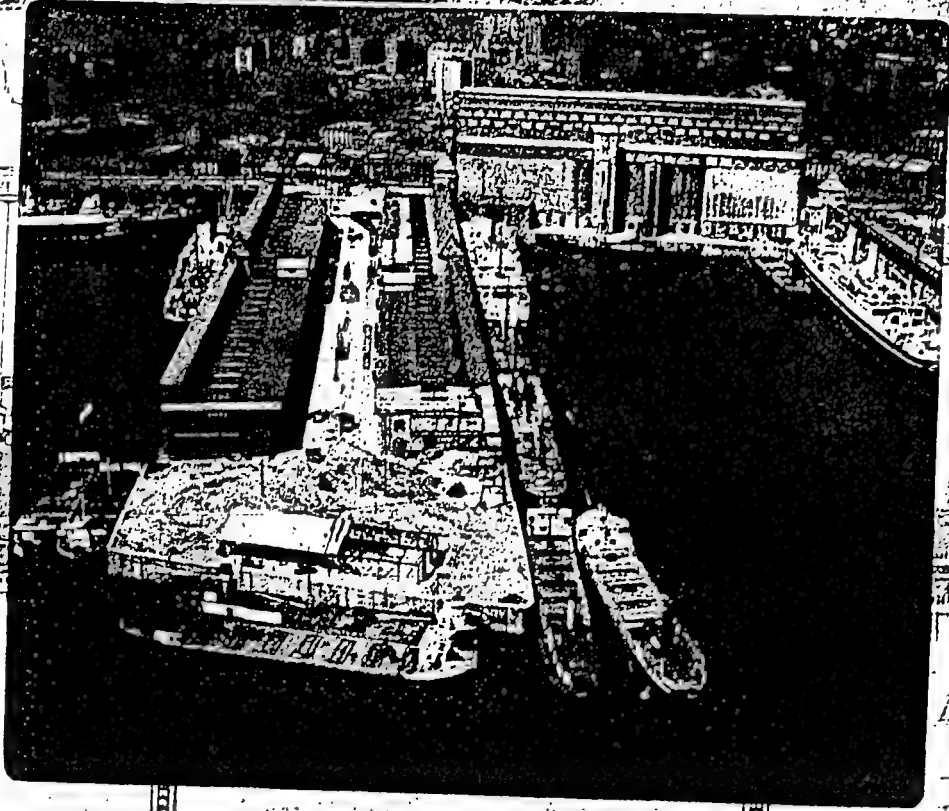
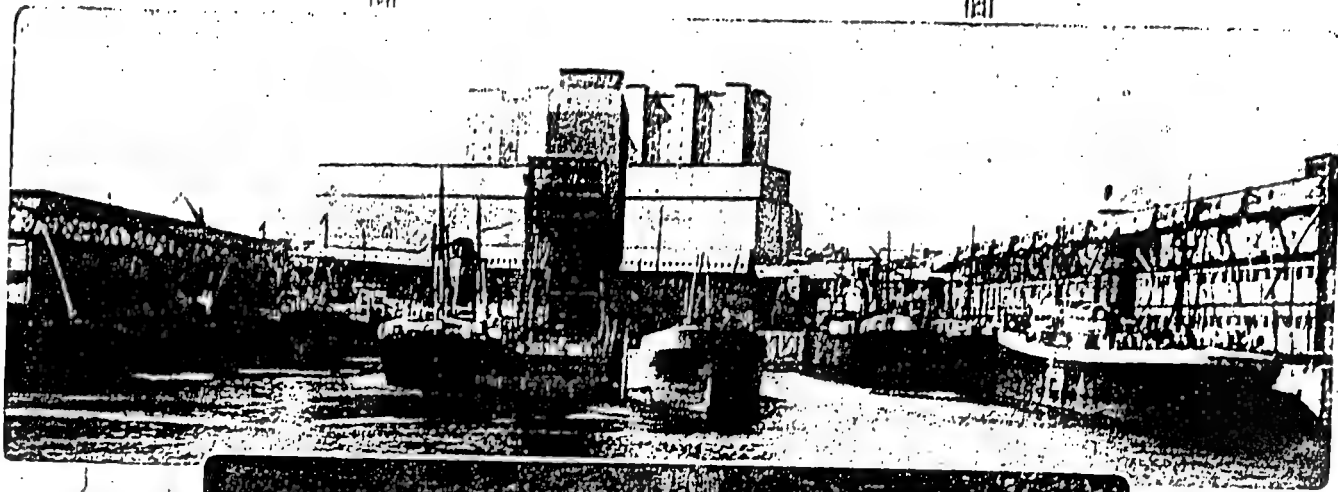
These consist of First Mortgage Bonds, Mortgages and Debentures.

First Mortgage Bonds, \$871,000.00. At 31st of August last year these stood at \$918,000.00, but \$47,000.00 of the bonds have been redeemed as provided in the Trust Agreement, leaving a balance outstanding of \$871,000.00.

Mortgages, \$919,240.03. These are to the Provinces of Manitoba and Alberta. The payments of principal and interest were the same as last year, viz.:

To the Province of Manitoba.....	\$38,851.37
To the Province of Alberta.....	95,412.13

Debentures, \$69,200.00. These have been reduced during the year by \$2,800.00, the debentures being held in the Sinking Fund.



Montreal Harbour, showing Grain Elevators. This is the best-equipped ocean port in the world for grain handling.

DEPRECIATION RESERVE

Depreciation Reserve, \$2,000,000.00. This is an increase of \$173,950.90 for the year. Customary depreciation on all properties was provided for the year and in addition to this there was transferred from undivided profits \$309,999.74. The Depreciation Reserve on properties sold during the year amounted to \$411,043.46, and this amount has been deducted from the total reserve at the end of August, leaving a balance now standing to the credit of this account of \$2,000,000.00, as above mentioned.

GENERAL RESERVE

This now stands at \$1,500,000.00, being an increase of \$50,000.00 over last year, this being accounted for by the net premiums received on new capital subscribed and profit arising through resale of cancelled shares, amounting in all to \$7,066.04, and \$42,933.96 transferred from Undivided Profits.

PROFIT AND LOSS ACCOUNT

The balance now standing to this account is \$605,987.83. This is after providing for the Shareholders' Dividend at the rate of 8 per cent., amounting to \$237,245.38, and Patronage Dividend amounting to \$76,972.07, in accordance with the resolution passed at the Annual Meeting held November, 1924, and \$49,625.00, being the amount due the Alberta Pool under our working arrangements with them for the year ended 31st August, 1927.

TOTAL ASSETS AND LIABILITIES

Total Assets this year amount to	\$11,199,672.59
Deduct: Depreciation Reserve	2,000,000.00
Net Book Value of Assets	\$ 9,199,672.59
Current Liabilities Total	\$2,253,166.25
Capital Liabilities Total	1,859,440.03
Total Liabilities to the Public	4,114,606.28

This leaves a Balance of \$ 5,085,066.31
in the Shareholders' Capital and Surplus Account, as compared with the
Capital Stock paid-up by Shareholders amounting to \$2,979,078.48.

GROSS REVENUE

This amounts to \$3,275,949.57, a decrease of \$5,173.27 during the year. This represents earnings made from operations of United Grain Growers Limited, and also includes interest on Bonds, dividend from one Subsidiary Company, profit on sale of properties, and net income from rentals of Lombard Street and other properties.

OPERATING EXPENSES

These include:

Wages and Expenses, Operating Country and Terminal Elevators, Handling and Selling Expense of Farm Supplies, General and Administrative Expenses, including Office and General Overhead, Taxes, Insurance, etc.....	\$2,173,398.56
While Interest on Bonds, Mortgages and Debentures, and Depreciation amount to	382,285.07
Total	\$2,555,683.63

The Total Expenses show a decrease of \$49,060.85 as compared with last year.

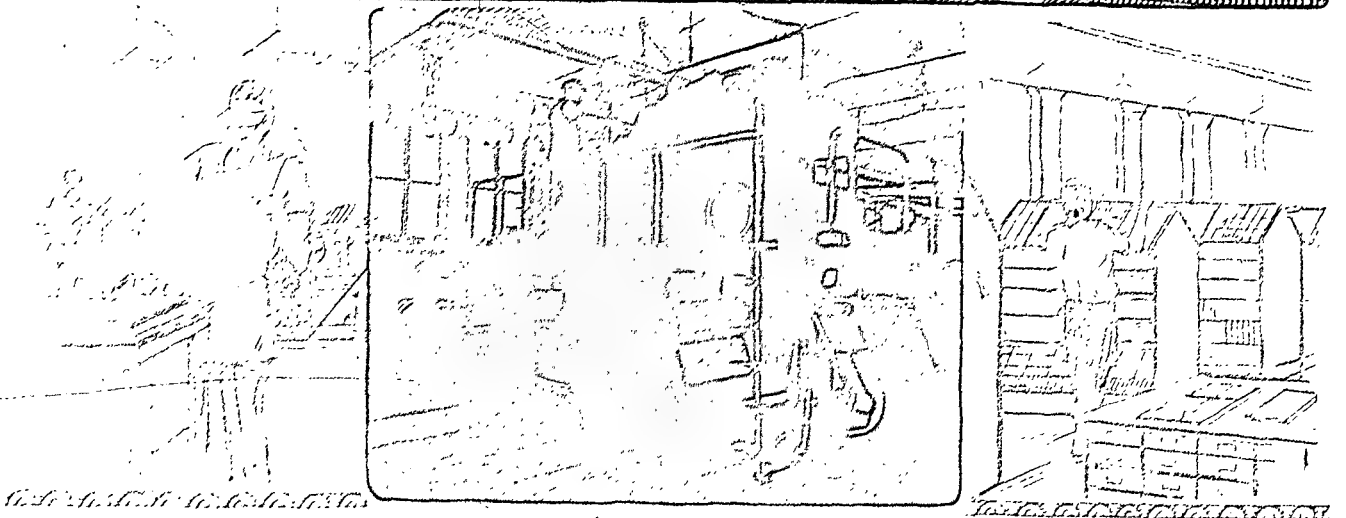
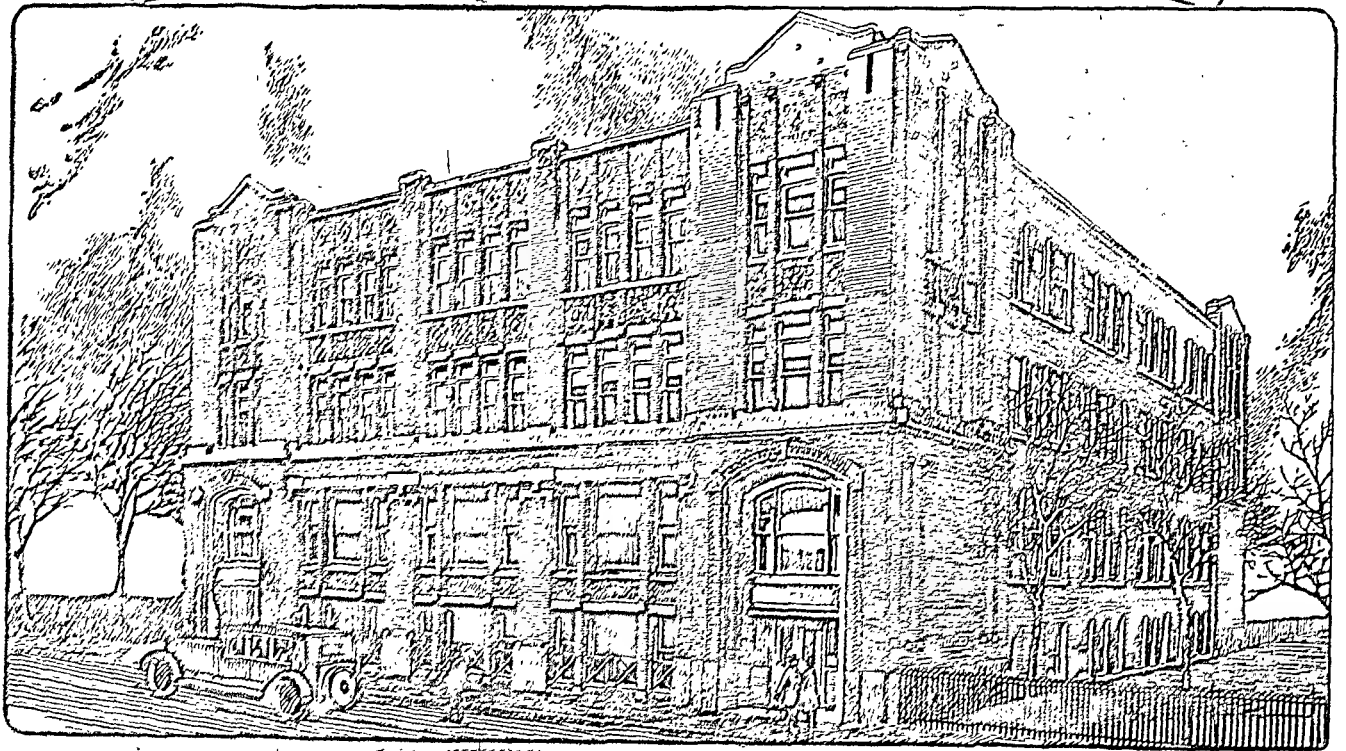
A comparison with previous years will also be interesting:

Year	Total Expenses
1925-26	\$2,604,744.48
1924-25	2,248,895.35
1923-24	2,739,161.24
1922-23	2,234,528.44
1921-22	2,545,644.05

All of which is respectfully submitted.


T. A. CRERAR,
General Manager.

Winnipeg, November 16th, 1927.



Public Press, Winnipeg, where The Guide is printed.

THE GRAIN GROWERS' GUIDE AND PUBLIC PRESS

 IN developing The Grain Growers' Guide, which now, twice a month, goes into more than 110,000 farm homes in Western Canada, the Company has performed a very valuable service to the West.

The Guide first appeared in June, 1908, as a monthly "published under the auspices of the Manitoba Grain Growers' Association." It soon broadened its field, and the Company, having contributed the money to start it, made additional contributions and investments to get it on its feet.

Need of a separate printing plant was soon felt, and the Public Press was organized for that purpose. In addition to printing The Grain Growers' Guide, the Public Press has developed into one of the finest printing establishments in Western Canada. It carries on a large business in commercial printing and has established a reputation for doing the very highest quality of work. On account of growth of business, a new story was added this year to The Guide building, on Vaughan Street, Winnipeg. The total number of employees in The Guide and the Public Press is 150. The Public Press, in addition to its usefulness to The Guide, now represents a very satisfactory investment of a portion of the Company's funds.


The Guide, from the start, has been a very important force in developing public opinion in Canada. It has provided a means of education for its readers in the West, and has assisted in consolidating and making effective public opinion on public questions. In other parts of the country The Guide has been accepted as an authentic voice of Western Canada. No other paper has had a greater influence in bringing about a change in attitude on the part of the whole country towards the needs of Western agriculture, and in securing a considerable measure of justice for Western Canada.

This influence was exercised from the early days of the paper. As its circulation has increased from the 9,000 copies monthly, which it had at the end of the first year, to the 112,000 copies now printed twice a month, the importance of The Guide has grown.

The Guide now has more readers in Western Canada than any other magazine, and its circulation is exceeded by very few publications in the whole Dominion.

The pictures on the opposite page show the printing plant of The Guide and Public Press. The building is on Vaughan Street, just off Portage Ave., and within 300 feet of the new Hudson's Bay store. With four working floors it has 48,000 square feet of space. The press shown is the biggest of the 18 presses in the plant. It prints and folds copies of The Guide at the rate of 4,500 an hour.

HISTORICAL SKETCH

 HE present organization and the name of United Grain Growers Limited were adopted in 1917 upon the amalgamation of the Grain Growers' Grain Company, organized in 1906, and the Alberta Farmers' Co-operative Elevator Company, organized in 1912. A brief outline of the beginning of each Company will be of interest.

The project of organizing a farmers' company had been discussed in the meetings of the Manitoba Grain Growers' Association, and although endorsed there, it had received rather lukewarm support. Following the meeting of the Manitoba Grain Growers' Association at Brandon, in February, 1906, a group of about 30 farmers met in the town hall there, and decided to proceed with the organization of a company, to be known as the Grain Growers' Grain Company.

Regulations about stock selling were not so strict in those days as they are now, or the new company might never have been launched. Without a charter, without a prospectus, and with nothing to show except their own faith that a farmers' company might be established, a committee appointed at the Brandon meeting set to work to sell shares in a company yet to be formed.

Within a few months the committee ran into the first of the many difficulties they were called on to surmount. After a good deal of delay their application for a Dominion charter was refused, on the ground that shares of \$25.00 each were in too small units for the authorized capital applied for, which was of \$250,000.00.

That refusal looked like disaster. Even if there had been any hope of selling hundred dollar shares to farmers in those days, they could hardly go back to the farmers who had already subscribed and ask them for more money. But John Kennedy, who had sold most of the stock then subscribed, was determined to go ahead, and persuaded the others that they could commence under a Provincial charter.

A charter was then obtained under the Manitoba law, and as provisional directors, E. A. Partridge, John Kennedy, John Spencer, W. A. Robinson and F. Graham were named.

The new Company now had a charter, a provisional Board of Directors, and a little money in the treasury. Space was secured and a tent was set up at the Winnipeg Exhibition, on July 28th, 1906. Inside the tent the

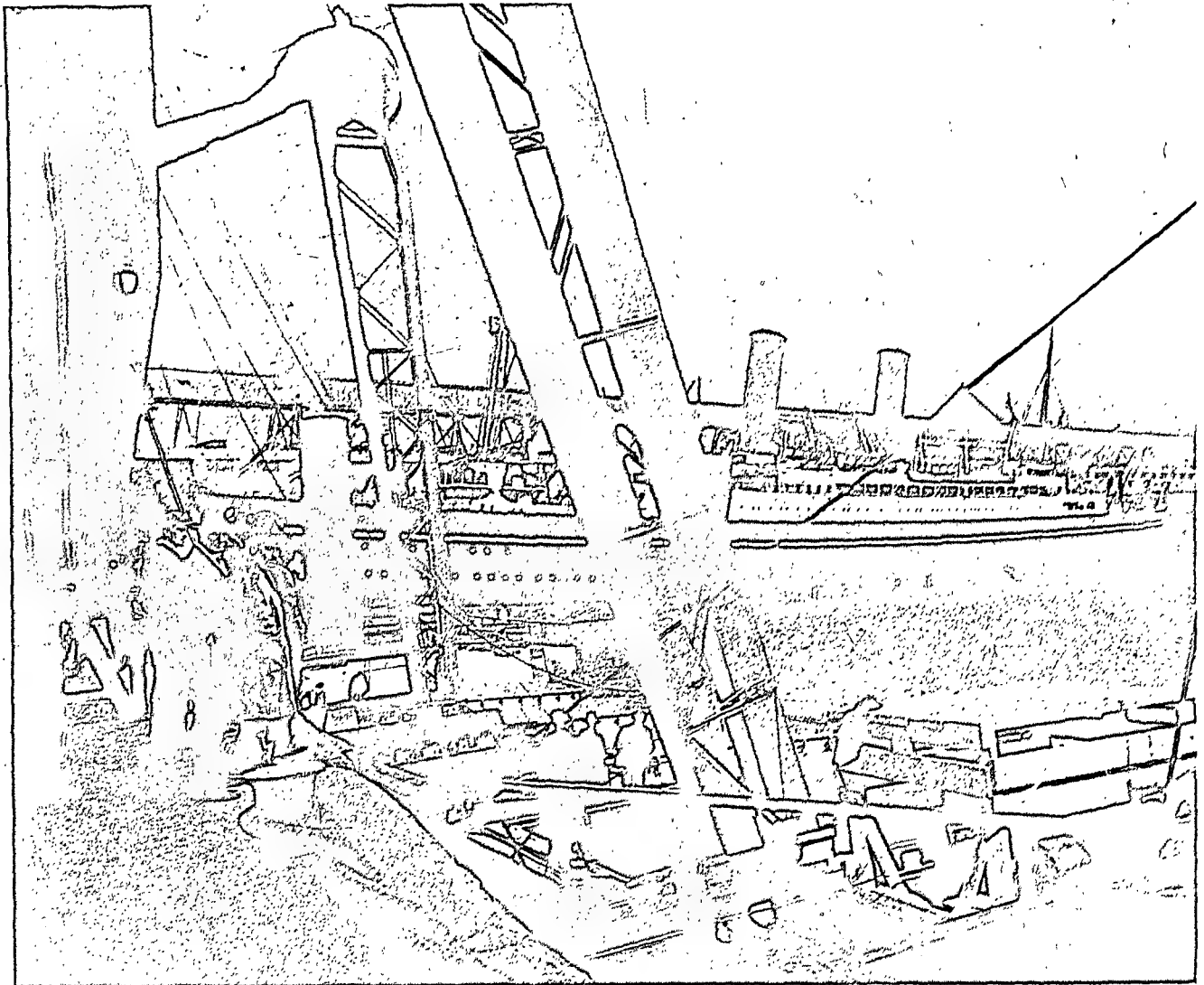
promoters held their first meeting, electing E. A. Partridge, president; John Kennedy, vice-president, and John Spencer, secretary-treasurer. They adopted the necessary by-laws for organization, and then proceeded to sell stock to as many farmers as they could bring inside the tent and interest in the new organization. The new directors were determined to commence business with the handling of the 1906 crop, but their resources were small. Although one thousand shares had been sold, only two dollars and fifty cents per share had been collected, and a good deal had already gone in organization and legal expenses. A call was issued for another five dollars per share, while a few enthusiasts raised fifteen hundred dollars on their personal notes to lend to the new company.

With this money in hand, the Company engaged a manager, rented a little one-roomed office in the old Tribune Building, on McDermott Avenue, in Winnipeg, bought a seat on the Winnipeg Grain Exchange, and sent out circulars to announce that the farmers' company was now ready to handle grain for farmers. The response was astonishing. All over the country farmers began loading cars with grain to be consigned to the Grain Growers' Grain Company. It was not long before the first office was outgrown, and the Company had to move into larger quarters.

So rapidly did business come in that it seemed at first to the organization rather an easy thing to get started in business, and they must have wondered why a farmers' company had not previously been started.

But in the next few years the Company experienced a great many troubles and difficulties, which on several occasions nearly wrecked the new organization. Within a few months after starting, they were suspended from the Winnipeg Grain Exchange because of a statement in one of their circulars that profits would be distributed on a patronage dividend basis and this, if carried out, would have been a breach of the commission rules of the Exchange. It was only after a struggle lasting several months, in which the Farmers' Associations and the Provincial Government took a hand, that the suspension was lifted. Financing the Company caused a lot of trouble, and at one time three of the Directors had to give their personal endorsement to the Company's overdraft at the bank, in order to prevent the bank from closing down on the Company's credit. But, thick as troubles came, they were successfully surmounted, and the Company's business grew rapidly, and more stock was taken up by farmers as it was seen that the Grain Growers' Grain Company was being successfully operated.

T. A. Crerar, who had been operating a country elevator at Russell, for a local farmers' company, was elected to the Board of Directors, and then elected President by the Board in 1907. The choice of the other



Handling grain at Montreal. The vessel in the foreground is a lake carrier with a cargo of grain. This is being unloaded into an elevator, through the "legs" shown, by means of endless chains of buckets. Through the long gallery in the rear run endless belts which carry grain to be loaded into ocean vessels.

members of the Board had fallen on him, when E. A. Partridge, the first president, announced his intention of retiring from office at the end of the first year. Mr. Crerar has continued as President of the Company since that time.

In 1912 the Grain Growers' Grain Company commenced the operation of both country and terminal elevators. Up to that time the farmers of the country had carried on a campaign for the Government ownership and operation of all elevators, both country and terminal.

The Manitoba Government was the only one to yield to this demand, but after two years of operation of a line of country elevators the system was declared to be a failure. The Company leased the Government elevators and operated them so much to the satisfaction of farmers that the demand for farmers' elevators developed all over the country, and the Company began to build elevators in addition to those it had under lease. The greater number of the Manitoba Government elevators were later purchased by the Company, and many of the older ones have been torn down and replaced with more modern structures.

In the same year, 1912, it developed that the Dominion Government was not going to yield to the demand for government ownership and operation of all terminal elevators. The Grain Growers' Grain Company accordingly secured a lease of the Canadian Pacific terminals at Fort William, known as Elevators "B" and "F," with a capacity of 2,500,000 bushels. These have been operated by the Company continuously since that time.

In Saskatchewan, the Provincial Government declined to establish a provincially owned and operated system of country elevators. Instead, influenced by the failure of the Manitoba Government system, by the success of the Grain Growers' Grain Company, and the improvement in grain handling methods which had been brought about since that Company started operations, they offered to assist a farmers' co-operative company to construct a line of elevators. The Saskatchewan Co-operative Elevator Company was accordingly brought into being, and within a short time it developed a large line of elevators in Saskatchewan.

THE ALBERTA FARMERS' CO-OPERATIVE ELEVATOR COMPANY

The demand for provincially owned country elevators was as insistent in Alberta as in the other two provinces, but for some time it lacked strength because of the slower development of grain growing in that province. It was not until towards the end of 1912 that the Alberta Government felt it necessary to do something to meet the demand. By that time the Grain Growers' Grain Company was firmly established and the Saskatchewan Co-operative Elevator Company was well under way. Consequently the Government was unwilling for the province to go into business on its own account, but considered instead plans for helping farmers to establish their own institutions.

The annual convention of the U.F.A. in 1913 voted in favor of establishing an Alberta Company along the same lines as the Saskatchewan

Co-operative Elevator Company, and to this the Alberta Government agreed. An Act was put through the Legislature in 1913, incorporating the Alberta Farmers' Co-operative Elevator Company.

As soon as the Alberta Company was established, the close association began between it and the Grain Growers' Grain Company, which was to result shortly in amalgamation. The Grain Growers' Grain Company acted as selling agent for the Alberta Company, and lent it the money to finance its grain operations. By that time the credit of the earlier Company was well established, while the new organization, with all its resources pledged to the Alberta Government for repayment of advances for building, was not in a position to get credit from the banks.

The new Company was accepted with great enthusiasm by the Alberta farmers, and its growth was rapid. By the time its first meeting was held, on August 19, 1913, 46 locals were established, with over thirty-five hundred shareholders and subscribed capital of \$360,000.00. When amalgamation came, in 1917, 103 country elevators were under operation.

The new Company at once entered the business of furnishing farm supplies, and its purchasing was carried on in close conjunction with the Supplies Department of the Grain Growers' Grain Company. This business rapidly grew to large proportions.

The Alberta Company pioneered the way in the handling of livestock for farmers, and in their first year established a Livestock Department. They developed the system, which before that time was almost unknown on this continent, under which farmers ship co-operative loads of livestock to central markets to be sold there at market prices. Prior to that time the almost universal practice was for farmers to sell their livestock to local drovers, who, in turn, would transport it to the central markets and dispose of it there.

A year later the Grain Growers' Grain Company opened a Livestock Department, on the request of the Manitoba Grain Growers' Association and various other organizations representing livestock producers in Manitoba. After amalgamation of the two Companies the livestock business grew to be a very large one, and was later incorporated as a separate subsidiary company, United Livestock Growers Limited.

Almost as soon as the Alberta Company was in existence, the idea occurred that the three farmers' companies, the Grain Growers' Grain Company, the Saskatchewan Co-operative Elevator Company and the Alberta Farmers' Co-operative Elevator Company, might be united. The idea was first developed in Alberta and was taken up in all three provinces.

A committee on amalgamation was formed, but after extensive discussion it was plain that no plan could be developed which would be satisfactory to the representatives of the Saskatchewan Company. The other two companies went ahead, and a plan of amalgamation was reached which was agreed on in 1916, and brought into effect on September 1st, 1917.

The new name, United Grain Growers Limited, was chosen. Amalgamation was carried out on the basis of using the charter of the Grain Growers' Grain Company, and the organization of shareholders in locals, as in the Alberta Company.

Mr. T. A. Crerar, President of the Grain Growers' Grain Company, was elected President of the amalgamated company. Mr. C. Rice-Jones, President of the Alberta Farmers' Co-operative Elevator Company, became first Vice-President. Mr. Rice-Jones had become President of the Alberta Company upon the death, in 1915, of Mr. J. W. Tregillus, the first President and one of the founders of that Company.

A Board of twelve Directors, representative of both the amalgamating companies, was elected.

The amalgamation has proved highly successful, providing, as it did, a broad foundation on which the Company has continued its progress.

ORGANIZATION

The special nature of United Grain Growers Limited as a farmers' company requires a special form of organization. It is a principle of the Company that each shareholder shall have an equal vote in the control of the Company, regardless of the number of shares held. Such a right could not be exercised in an ordinary annual meeting, which could never be attended by more than a small fraction of the thirty-five thousand shareholders, even if a hall could be provided for their accommodation.

Shareholders are accordingly organized in locals, of which there are now 350. A local requires a minimum of 40 shareholders, holding not less than 287 shares among them.

Each local elects a local board of five members to act as a channel of communication between the management and the local shareholders. In addition it elects a delegate to the annual meeting; and where a local has more than 187 members, two delegates.

Local boards meet whenever there is business requiring their attention, and each local holds an annual meeting prior to the annual general meeting of the Company, at which the local board and the delegates are elected, and customarily at least one other meeting.

The annual meeting is held in November and December of each year, alternately in the cities of Winnipeg and Calgary. The Head Office is situated in Winnipeg, and Calgary is the headquarters of the Western division of the Company, comprising the business in Alberta.

Annual meetings customarily last two full days, and sometimes three, while the business of the Company is under discussion.

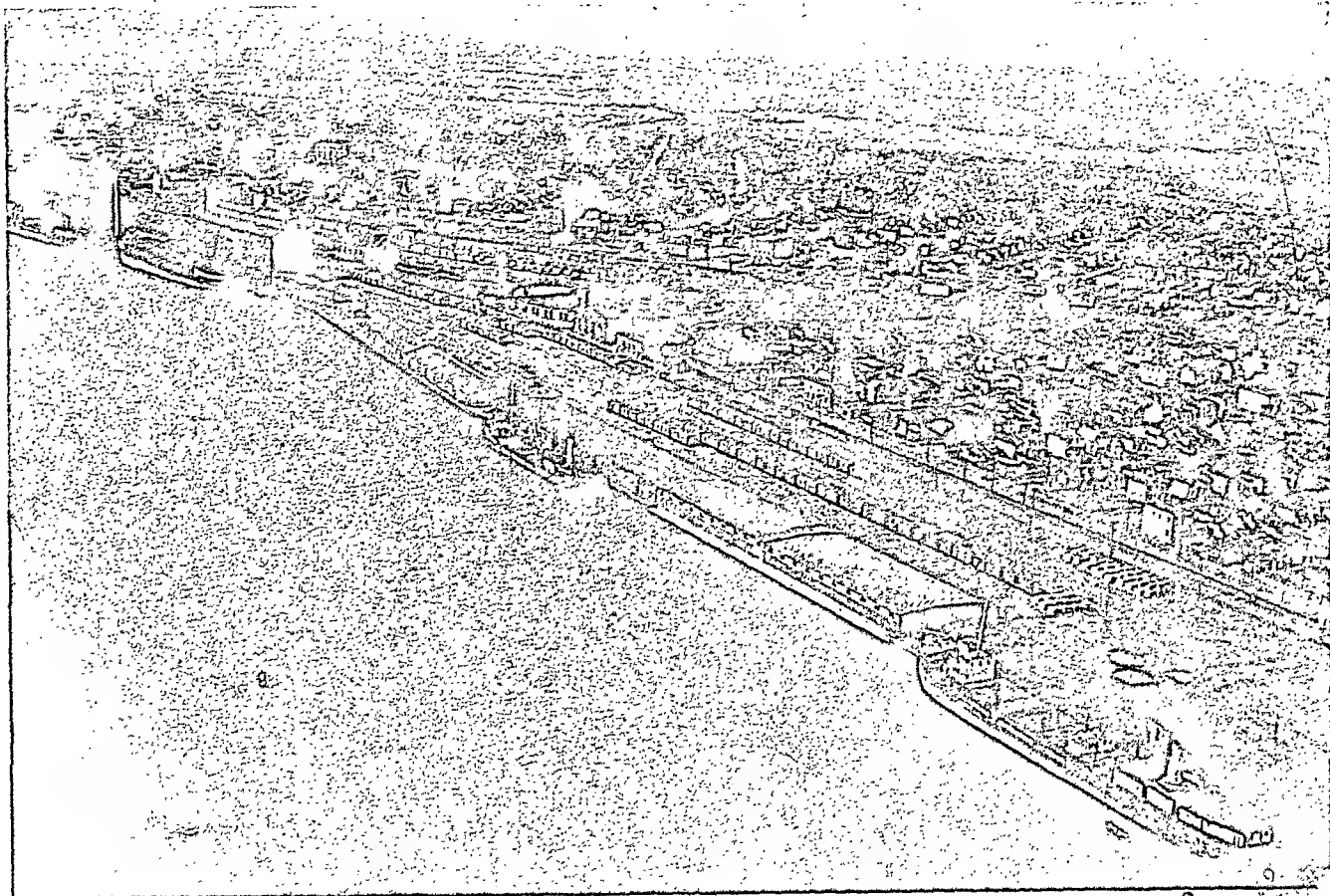
The Board of Directors makes its annual report to the annual meeting, and four of the twelve Directors are elected each year, to serve for a period of three years.

Shareholders who are not elected delegates do not vote in the annual meeting, but may attend.

THE COMPANY'S CHARTER

United Grain Growers Limited is chartered by special act of the Parliament of Canada, passed in 1911 and amended in 1917, 1918 and 1919. This charter gives the Company all necessary powers for carrying on its business, and in addition provides for its special features of organization, which maintain its distinctive character as a farmers' company.

The original charter of the Grain Growers' Grain Company (the name "United Grain Growers" was not taken until 1917) was issued under the Manitoba Joint Stock Companies Act in 1906.



Part of water front at Fort William, Ont., on the Kaministiquia River.

In 1911, a Special Act of Parliament was passed to incorporate the Grain Growers' Grain Company as a Dominion company. This was amended later, when, in 1917, the Grain Growers' Grain Company and the Alberta Farmers' Co-operative Elevator Company were amalgamated as United Grain Growers.

The important special features of the charter, besides the grant of necessary powers, are as follows:

An authorized capital of \$5,000,000.00 in shares of \$25.00 each.

Only farmers and the owners and lessees of farm lands are eligible to hold shares in the Company.


No shareholder may hold more than one hundred shares.

Each shareholder has one vote only, regardless of the number of shares held.

The right is given to organize shareholders in locals, and to provide for a delegate system of representation.

The right is given to pay patronage dividends.

A SATISFACTORY INVESTMENT

HARES in United Grain Growers Limited have proved to be a satisfactory investment to shareholders, for in every year except one of its twenty-one years of history the Company has paid a dividend, and the shareholders' capital is now well protected by large reserves.

The early shareholders were not looking for dividends when they put their money into the Company. They bought shares mainly because they wanted to see a farmers' company established in order to get better service from it than they had been getting, or because they wished to get an elevator built at a particular point. Nevertheless, the fact that the Company has been able to make satisfactory profits from the beginning, and to make reasonable returns to its shareholders, has been one of the important factors contributing to its success.

In its first year of operation the Company paid a dividend. That fact changed the attitude of many farmers, when they saw that a farmers' company could be successful enough to make a return to shareholders. One shareholder has told that he never cashed his first dividend cheque, but kept it framed as proof that at last a farmers' company had come into being that could make a return on the money invested in it.

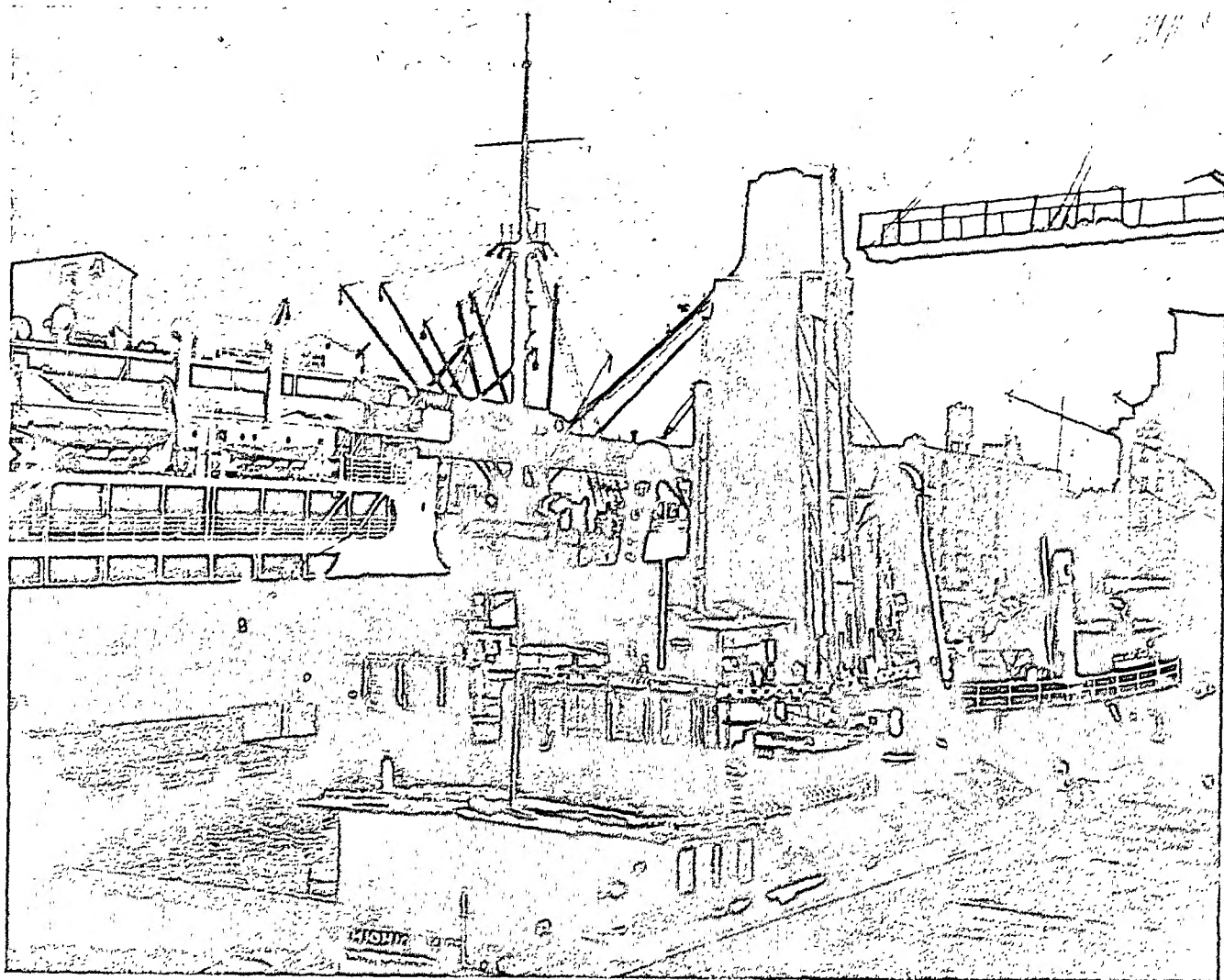
Since that time the Company has made a return to shareholders of over two-and-a-half million dollars on their investment, and its annual dividend at the rate of eight per cent. now takes \$240,000.00. How well the investment of shareholders is secured is shown by an examination of the balance sheet, printed on pages 46-47.

The shareholders' equity in the Company includes:

Paid-up Capital	\$2,979,078.48
General Reserve	1,500,000.00
Surplus in Profit and Loss Account...	605,987.83
	<hr/>
	\$5,085,066.31

This means assets of more than \$170.00 for every \$100.00 of capital paid up.

When the amount of money is considered which has been lost by farmers in Western Canada through unsound investments in different companies, the value of an investment such as this to the farmers of the prairie provinces who have surplus funds to invest can be seen.



Loading Grain at New York. Instead of being run directly into vessels from the elevator, as is the case at some ports, grain is taken alongside in lighters and is transferred from these to the ship by means of floating elevators. The floating elevator shown is taking grain by means of elevating legs from two lighters and discharging it through spouts into the hold of the ship.

The right to purchase these shares is confined to farmers. How highly they would be valued by the general investing public, if they were able to buy United Grain Growers' shares, is shown by the prices at which shares in other companies are sold. Whenever a company has an established record of return to investors such as that of United Grain Growers, when it has equal assurances of safety such as are given by the Company's large reserves, and when it has corresponding prospects, its shares are eagerly bought by the general public at prices much above par.

To the other services of the Company to the farmers of Western Canada must be added the service given in providing a satisfactory and sound channel for investment.

THE COMPANY AND OTHER FARMERS' ORGANIZATIONS

UNITED Grain Growers Limited has always assisted other farmers' organizations. It was recognized from the beginning that a great majority of the shareholders of the Company were members of other farmers' organizations. Through the Company and the Provincial Associations, Western farmers were carrying on work for their common benefit. Meeting the wishes of the shareholders, regular annual payments to the Manitoba Grain Growers' Association, the Saskatchewan Grain Growers' Association and the United Farmers of Alberta were made from an early date. The shareholders established this policy on a definite basis when, at the annual meeting of the Company, in 1918, they passed a bylaw under which 25 cents per shareholder, or nearly \$9,000.00 a year, is paid to the United Farmers of Manitoba and the United Farmers of Alberta. An equal amount is paid each year by the Company to the Canadian Council of Agriculture. A total of over two hundred thousand dollars has been paid by the Company to these different farmers' organizations. In addition, the Company has spent large sums for other educational work.

The Council of Agriculture is a national body for providing unity of action by the organized farmers on national questions. It is only when the views and interests of the members of the different farmers' organizations making up the Council are in accord that the Council takes action. The Council has done much to advance and protect the interests of farmers and to influence public opinion and Parliament on such questions as taxation, the tariff, freight rates, the regulation of grain marketing and other matters of national interest.

A few examples from the long list of activities of the Council may be given. It was the Council which, in 1917, by its protests prevented a basic price of \$1.30 being fixed for the wheat crop of that year. The difference between that price and the basic price of \$2.21 later secured made a difference of more than two hundred million dollars to the farmers of Canada that year. It was the Council of Agriculture which, in 1919, secured the appointment of the Canadian Wheat Board to market the crop of that year. The Council of Agriculture played a leading part in securing the retention of the Crow's Nest Pass freight rates on grain and flour, which mean a difference to Western farmers of at least 25 million dollars a year. At the present time, it is the Canadian Council of Agriculture which represents the viewpoint of farmers before the Tariff Board, when that body investigates applications for changes in the tariff.

THE BEGINNING OF THE COMPANY

The balance sheet and the picture below give an idea of the beginning of this Company. The picture is that of the tent erected on the grounds of the Winnipeg Exhibition, in July, 1906. In this the organization meeting of the Company was held, the first officers were elected, and stock subscriptions were secured from a number of interested farmers.

The balance sheet, reprinted just as it appears in the first annual report of the Company, shows how its affairs stood at the end of its first financial year. Comparisons with the balance sheet of the Company for its twenty-first year in business, as printed on pages 46 and 47, give an idea of the growth and development of twenty-one years.



GRAIN GROWERS' GRAIN COMPANY LTD.

BALANCE SHEET

As at 24th June, 1907

Assets

Debt due to the Company		\$19,875.57
Seat on Grain Exchange		1,751.00
Office Furniture, Fixtures, etc.		1,051.00
Organization Costs	\$ 7,237.57	
Less One-third Written Off to Profit and Loss Account at 24th June, 1907	2,412.50	
		\$ 4,825.07

Liabilities

Debt due by the Company		\$4,599.50
Trade Accounts	\$ 6,704.00	
Bank of British North America	47,391.25	
Calls Paid in Advance	50.00	
Share Expenses	29.00	
Capital Stock:		\$51,875.00
Authorized Capital, 10,000 shares at \$5.185 each	\$51,850.00	
Subscribed Capital, 1,000 Shares at \$5.185 each	5,185.00	
On which there has been called up 25%, or	1,296.25	
Less calls in arrears		\$1,296.25
		\$51,875.00
Profit and Loss Account as per Separate Statement		19,875.57
		\$51,875.00
		\$51,875.00

Winnipeg, 12th July, 1907.

JAMES GOSSET,
Chartered Accountant.

W. H. GEMMELL,
Clerk.

[Page Seventy-one]

A Pioneer Company
Come of Age